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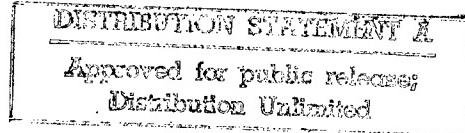
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NOTICE TO READERS: For three months beginning in November, material formerly appearing in the JPRS WEST EUROPE REPORT will instead be published on a trial basis in the FBIS WEST EUROPE DAILY REPORT. Readers who currently receive only the JPRS Report may wish to subscribe to the FBIS Daily Report.

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FEDERAL REPUBLIC OF GERMANY

SPD Quota Decision Criticized by Women in Coalition, Greens

36200003 Frankfurt/Main FRANKFURTER ALLGEMEINE in German 2 Sep 88 p 3

[Article by ban.: "SPD Quota Decision Criticized by Women in Coalition as 'Undemocratic and Harmful'; Frau Adam-Schwaetzer Sees the Decision as a 'Yardstick for Other Parties'"]

[Text] Bonn, 1 Sep—A resolution passed by the SPD party congress to regulate the number of women who hold party offices and seats in Parliament through the adoption of a quota system has come under sharp criticism by women in the Coalition, the FDP, and the Greens. CDU/CSU Parliamentary Secretary Roitzsch said that in her opinion a quota system is not acceptable to the CDU "because a quota is undemocratic and harmful in the extreme in that it will lead the SPD to assess women not according to their abilities, but rather according to their sex." Frau Roitzsch did stress, however, that the quota system does have some followers within the Coalition. Certain resolutions passed by the CDU party congress in Wiesbaden are intended to provide "yardsticks" as well. Party committees are encouraged to calibrate the participation of women in CDU party positions and parliamentary seats according to the party's overall female membership—about 22 percent at present. According to Frau Roitzsche "it makes sense to hone the awareness of male party members concerning political participation by women." At the same time though it is an "unbearable thought to see a qualified male shunted aside because of a female quota requirement." FDP parliamentary members Adam-Schwaetzer and Seiler-Albring carried the CDU criticism further. Frau Adam-Schwaetzer said the quota decision does not reflect her choice, nevertheless she praised the SPD vote in Muenster as a "great success" for SPD women and called the SPD decision a "yardstick for those parties who are still opposed to a quota." She did admit that there are some women in the FDP who favor a quota. She added that the SPD resolution provides a "driving force" behind the ambition of achieving the goal that women in the FDP will fill party offices and parliamentary seats in proportion to their party membership (24 percent) by the early 1990's. However, "a lot of work will have to be done until then." Frau Seiler-Albring pointed out that the SPD's quota decision is not going to solve the problem of low participation by women in politics, and she pointed to the issue of "family duty," a term applied to the incident where SPD Chairman Vogel and his deputies, Rau and Lafontaine, refused to step aside for a woman. As a result of this, a special deputy seat was created for a woman.

The Greens with a 50-percent quota set in the Fall of 1986 pointed out that the SPD quota will give women in the SPD only 40 percent participation by 1998. Party Spokesperson Botts expressed her "congratulations to

the sister politicians in the SPD" for having gained something that the Greens have accepted as normal a long time ago. Frau Bott answered the question of "why the women in the 'SPD' did not ask for half of everything and instead lowered their original demands to a compromise so as to get only the smallest of concessions stretched out over a long time" by saying that "the comrades are still perfectly happy to keep the entrenched male party bosses in their positions."

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SPD Prospects for Future Examined After Party Conference

Attempts To Modernize

36200005 Hamburg DIE ZEIT in German 9 Sep 88 p 1

[Commentary by Gunter Hofmann: "An Oskar for the Zeitgeist. Lafontaine, Vogel, and the SPD: A Party Wants To Become Modern"]

[Text] An astonishingly friendly press, continuing highs in the polls, a party conference with controversy in the background to arouse curiosity—the SPD had some reason to move into the political autumn full of self-confidence.

But then a resignation messed things up. The fact that the SPD's insulted finance policy spokesman chose the very day before the budget debate to tell his faction what he thought of it once again raised the old question about the party's economic competence and the people who embody it. Of course the SPD's metamorphoses have led gradually above and beyond politicians like Hans Apel. In the longer term, the way the party conference dealt with "party intellectual" Peter Glotz could actually prove to be more significant. But for the moment the group portrait was spoiled.

Where, then, is the SPD heading? How modern is it after its party conference? What is really fermenting inside the opposition? If anything historic occurred in Muenster, it was the belated victory of the women. The new quota rule—women to hold 40 percent of party and parliamentary offices by 1998 at latest—can be compared to the SPD's decision to invite the extraparliamentary protest movement to come aboard in an act of self-imposed reason.

That took place 20 years ago at the party conference in Nuremberg. Those were wilder times than today. Back then it was said that the "generation we've been waiting for" was at the door. Modernity, Willy Brandt said at the time, is "not so much a rhetorical as a practical demand." It is impossible to support the SPD's turning into a popular party and simultaneously expect it to "present itself as an antique workers party right down to the sociological make-up of its governing bodies." Do these sentences not sound as they had been uttered today?

The SPD, too, has finally realized what the CDU had already realized more effectively (and with more result) when it put Rita Suessmuth in the Kohl cabinet as a minister. The real social revolution of the last 2 decades has come from the women.

However, equality remained an unfulfilled promise. When all parties finally consider it a matter of course that the evening television news and the breakfast newspaper should no longer discuss only (or almost only) the male political world with the politician's point of view, then it will be harder to defend any longer the everyday disadvantaged status quo of girls and women.

If, in addition, the new women elected to SPD offices see to it that things in this tired and somewhat replete republic get shaken up, we will be happy to accept the mockery of the French correspondent who commented of the quota decision: "You always want to guide the course of history, at least a little bit." It is all "very German"!

Dispute With the Unions

In this regard the comparison with 1968 is an obvious one. But does the SPD also stand before a "leap into modernity" suggesting parallels with 1959? Must it not once again abandon old ideas today, as it did then in Godesberg, when it said goodbye to the Marxist class party and adapted itself to the new postwar conditions as a popular party?

Certainly the SPD must free itself from the embrace of the unions. In Muenster the battle between Oskar Lafontaine, Franz Steinkuehler, and Hermann Rappe was fought in a secondary theater, as if "Sunday work" were worth disputing. The SPD will not agree to it in any case. What is more important is to concentrate the controversy on the key questions. The funny thing about this dispute is that the change of course toward a "modern" economy with a great deal of market-economy competition and business incentives is being recommended by some of the very people who streamed into the SPD in 1968 to shake things up and to remake the "rotten" system.

But the dispute is also fascinating because it is not just a sudden inspiration on impudent Oskar's part. Wherever you look in the European left, the same kind of thing is happening.

In Spain, Felipe Gonzales throws out of the cabinet a union leader who accuses him of "left Thatcherism" and who, because of the enormous increase in unemployment, will not go along with the policy of industrial modernization at a pace dictated by Eurobusiness with the Europe of 1992 in mind. Or France. Today Michel Rocard is very definitely continuing the probusiness Socialist policy that was forced through after the rejection of the Keynesianism of the first Mitterrand years—without union support.

In prospering, fragmented Italy, neither Socialists nor Communists can resist the pressure for more dynamic ideas. In Sweden a Social-Democratic welfare state and a nuanced industrial policy were never seen as contradictory. In the early 1970's Sweden provided German Social Democrats with the welfare state model; today some of them are looking with envy at the pace of modernization and technology policy.

This European reality corresponds to what is happening in people's minds: After saying goodbye to Marxism (on paper), leftist theoreticians have long since proclaimed the need to say good-bye to the proletariat. Furthermore, a young Belgian economist and philosopher asks, "What is actually wrong with capitalism?"—and suddenly finds German leftists interested in his theses, which are neither of the left nor of the right. If one looks closely, even thoughtful union members in this country are already disputing whether they are not turning into "insurance associations for the privileged" (Helga Grebing).

After the self-critical insights, they then make a bow to capitalism, at least as an initial effort to come to pragmatic terms with circumstances. Why should leftists or the 1968 generation not have been affected by the insight that the power to govern is unattainable without a certain cooperation with the successful, and not merely with the socially disadvantaged? However, we are far from seeing a "leftist utopia of progress."

Abstract Answers

But what should such a "modern" utopia look like? Lafontaine and the leftists, insofar as there still are leftists, have provided only hints or abstract answers: "Today, there are those who in the economic debate exclude the social question—e.g., the distribution of work and incomes; there are those who in the economic debate exclude the ecological question—i.e., the question of to what extent real growth also causes ecological destruction; in our opinion, those people do not possess economic competence because economic competence includes social and ecological competence."

This provides sufficient material for a powerful alternative program for a "modern" popular party. But, apart from the proposal for a drastic increase in the energy tax on ecological grounds, efforts to convert such ideas into feasible, everyday reality have not succeeded.

The same is true of the dispute about flexible working hours and individualization. An individualized society—which we are in any case becoming—cannot simply be declared the goal of the SPD or the leftists. There is some meaning and also some illusion to this thesis of the chance for individuality. Who will be given the chance? Who will take care of the consequences? "Individualism to order," for instance, is already being used in an expensive automobile firm's advertisements to attract those who can afford it: "Here a spoiler, there aluminum rims...."

Whether Lafontaine will find clear answers to this and thereby determine his party's course is still far from clear. Muenster—that was Vogel's party conference. But the SPD belongs neither to Vogel nor to Lafontaine. Oskar Lafontaine is taking over but he does so like a young Helmut Schmidt: a Napoleon—and a scout from Saarbruecken.

But, since 1968, the SPD has undergone tremendous changes. Today it is dismissing its children; Lafontaine himself is one of these. It should come as no surprise that his party hesitates to let the process of renewal be imposed on it from the top. On the other hand, in today's political landscape the eternal longing of some for decisive "leadership" is matched by the readiness of others to trust those who proclaim with an individualistic ethos: Just be happy and dare! You can change things if you just want to! That is how it is, the Zeitgeist.

Does this SPD in its mutation phase have a chance to return to power, especially if the economy and D-mark continue to strengthen? And if so, led by what candidate? For the present it would be a great deal if the opposition managed to get the Christian Democrats involved in a modernity race. That could charge the atmosphere politically and would do the republic no harm, by making it enjoy politics again. And then, too, you can always discuss what would best suit the situation and the state of mind—to be led by a young hero or an old master?

Unable To Reach Agreement
36200005 Hamburg *DIE ZEIT* in German
9 Sep 88 pp 23-24

[Commentary by Klaus-Peter Schmid: "Lost in the Market Place. After the Muenster Party Conference the SPD Still Lacks an Economic Policy Program"]

[Text] Karl Schiller, the grand old man of SPD economic policy, cited party history. "Could Oskar Lafontaine," he asked the delegates in the Muensterland Hall, "be the SPD's new Heinrich Deist?"

A few hours earlier the Saarland minister president had given his policy speech to the party conference—and in that speech he had hit notes that would have fit very well in the repertoire of a Heinrich Deist. Deist was one of those who prepared the way in the 1950's for the 1959 Godesberg Program, in which the SPD said good-bye to the forced economy and socialization and in their place introduced into the Socialist dictionary concepts like competition, productivity, and efficiency.

However, what was called for last week was not a change of course a la Godesberg, but to prove that Social Democrats possess sufficient economic competence to rewin voters' confidence. "Our entire strategy is aimed at taking power in 1990," SPD Federal Whip Anke Fuchs assured the party conference.

Lafontaine then was supposed to prove to the public that the party is ready and (like Deist over 30 years before) to win the comrades over to his line. But Oskar, as he is known in the party, sowed discord instead. He intentionally provoked the union wing, disoriented some delegates, and certainly did not make things clear for the electorate.

In principle, his purpose was to win support for the economic policy guideline proposal "Our Program: Humane Progress, Ecological Reform, and Full Employment." That was far from superfluous because, prior to the party conference, it was only with greatest effort that SPD economists had been able to reach agreement on a single text. Above all, there was disagreement over the point "Solidarity on Workweek Policy." Lafontaine urged higher income groups to sacrifice out of solidarity if the workweek were reduced. Wolfgang Roth, economic policy spokesman of the SPD Bundestag faction, questioned on principle the value of a shorter workweek as an instrument of employment policy. And the unions did not like the entire direction the debate was taking because the party was threatening to get away from them.

In the end, the final version of the guideline proposal prepared by the guideline committee was accepted in Muenster with only minor retouching and by a large majority. But that is far from saying that the party's economic policy line is now clear—and not just because of the shaky compromises that lie barely hidden in the final text.

CDU General Secretary Heiner Geissler laughed at the "economic policy potluck." The SPD's tax policy is "all mixed up," mocked the FDP's Hermann Otto Solms. And Greens Spokesman Christian Schmidt even asserted that the SPD has "gone over to business with flags flying."

The cause of the confusion both inside and outside the SPD is the complicated problem of determining where the party stands. On the path to Godesberg the German Social Democrats abandoned the sole representation of workers, and thus also the class struggle slogans, and blossomed into a popular party. The alliance with the unions, however, was considered untouchable.

Without support from the bourgeois camp the SPD would never have gained power, even though extreme-left groups still retained the old jargon, at least. If the Social Democrats want to get back into power today, they must seek votes above all among the rising classes (professionals, executives, entrepreneurs), but at the same time they must not put off their traditional clientele of workers, civil servants, and white-collar workers. Lafontaine pointed out this dilemma—and got in trouble for doing so.

The SPD's relationship to the unions is less clear than ever. To be sure, Party Chairman Hans-Jochen Vogel asserted that "I cannot tell you often enough: We are no

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union party." But, at the same time, the guideline proposal stated that the SPD and unions "must act together on the central issues." When Lafontaine dared to attack apparently untouchable positions of the various unions, the raging reactions from the union section of the hall ranged from "cheap grandstanding" (Monika Wulf-Mathies, OeTV) to "downright cynical" (Franz Steinkuehler, IG Metall).

Four ideas of Lafontaine's aroused the most ire:

- He questioned the sacrosanct weekend and production facilities on Saturdays and Sundays, too, i.e., taking machine running times into account [as published].
- He discussed reducing the workweek for civil servants in a manner that was considered a snub to public-sector employees.
- He argued for tax relief for business (perhaps in the form of favorable treatment for reinvested profits), which, in light of rising profit rates, some delegates misunderstood as redistribution from the bottom up.
- He reiterated his controversial demand for reducing the workweek without full pay and, in addition, spoke in favor of part-time work, which is not quite respectable in SPD circles.

Only to a limited extent was this a matter of more market economy, i.e., of a consistent extension of Godesberg policy; rather it was a question of a more realistic assessment of economic reality. In months of difficult debates the comrades had managed to work out a compromise. The deputy party chairman obviously viewed it as a compromise of illusions, which he ruthlessly held up to the light. Wolfgang Roth's comment about "Social Democratic supply-side policy" unconsciously showed where along the policy spectrum many in the hall put Lafontaine's speech—in the realm of archconservative doctrine.

It was their party's views on tax policy above all that the comrades discussed with the "new intensity" (Vogel); there, too, they revealed deep disagreements. "In the past the contradictions have merely been papered over," stated Dieter Spoeri, opposition leader in the Stuttgart Landtag. He called for a special party conference to formulate a Social Democratic program of tax reform. And, yet, on this very issue there has been no lack of programs formulated in recent years and months.

However, they have not clarified the party's positions. The most recent example: the proposal presented by Volker Hauff to reduce energy consumption through higher taxes. "That's right, it's a tax increase," the energy expert admitted to the delegates, who were not very happy about the idea of significantly higher electricity charges and higher costs for automobile driving.

And it had not even occurred to the comrades yet that an energy tax would considerably increase the burden of indirect taxes—contrary to everything the Social Democrats believe in. Indirect taxes have always been considered unsocial by the left and therefore bad, in contrast to taxes on income, which link the tribute to the state to the individual's ability to pay.

No representative of the government coalition in Bonn could have put it more harshly than Dieter Spoeri: "This party conference's economic policy statements are fundamentally flawed because of unclarified contradictions on tax policy that we shunt...from party conference to party conference like a railroad shunting yard."

Deputy Uwe Jens had good reason to warn: "I did not think it good that we heard the chairman of the energy policy committee say that taxes need to be raised by up to DM80 billion, while at the same time the economic policy people travel through the country saying that at the present consumption taxes must not be raised for economic policy reasons. They're not speaking the same language. That's got to stop."

After the Muenster party conference, that is still easier said than done. In economic questions the SPD has neither a single language nor a recognized spokesman. Lafontaine made an effort to link economic problems to social and ecological issues and thus "restore policy coherence" and "to break out of the circled wagons" with uncomfortable ideas (Peter Glotz, who lost his seat on the party executive). Still, Lafontaine could not fill the human gap. His views did not form a coherent picture of a feasible policy.

That would have been quite a trick, too, because, although the discussion of economic policy on both the right and the left suffers from the lack of an accepted, doable model, the SPD, with its internal struggles and factions, is doubly burdened. Wolfgang Roth, an expert economist but lacking in charisma, was fighting just as losing a battle in Muenster as Hans Apel, who, after the loss of his seat on the executive, resigned from his position as finance policy spokesman and deputy chairman of the Bundestag faction. In any case, he had no longer been getting anywhere in the party in recent years and months with his proposals for reform; now he will be abandoning the field to the ecologists among the tax experts. The very knowledgeable and articulate Dieter Spoeri had already bid farewell to Bonn after the last Landtag elections in Baden-Wuerttemberg.

Before the party conference, SPD leaders had announced that their ability to govern in the future should be judged by their economic policy competence. To be sure, Hans-Jochen Vogel, triumphantly confirmed as chairman by the delegates, declared afterwards: "In important sectors our leadership and our competence are undisputed. And, in areas where we were behind, we have caught up." He explicitly mentioned economics, finance, and budget policy.

For the present, that is wishful thinking at best. The SPD still lacks a political program and a personality capable of winning over to that program such conflicting figures as Peter von Oertzen, a far leftist who speaks for more than a few comrades; conservative union official Hermann Rappe of IG Chemie; and a cool pragmatist like Wolfgang Roth.

The SPD has ideas in plenty. One good proof of that was the reviving discussion about giving workers a share of productive wealth. Still, this example, too, shows how long the road is from having an idea to formulating it concretely: Union representatives have quite a different view of this than do those in favor of taking a realistic approach to business' cost thinking.

The "sharp debate" in Muenster made for "liveliness and color," Vogel said. That is probably true. Still, it was not enough for the Social Democrats to prove their competence to the electorate. In the voting for the party leadership, delegates gave Oskar Lafontaine a warning about his "heretical" statements that must have left at a loss many who had hoped for a reasonable alternative to the policies of the current government coalition.

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Lafontaine Interviewed on SPD Economic Policy, Unions

36200004 Hamburg DIE ZEIT in German
16 Sep 88 pp 23, 25

[Interview with Oskar Lafontaine on economic policy and labor unions by DIE ZEIT's Wolfgang Hoffmann and Klaus-Peter Schmid: "Entrepreneurs Are Voters, Too"; date and place not given]

[Text]

[Question] Mr. Lafontaine, was the result of the Muenster vote a lesson for you or did it merely put a damper on you?

[Answer] There is little I can do with either term. It is wrong to believe that in elections the politicians must always receive 100 percent of the vote. After a controversial debate a result of over two-thirds of the votes is a success.

[Question] It is unusual the way you consciously provoked the labor unions.

[Answer] I cannot see that I provoked the labor unions. I have merely taken up three topics: for one thing, the adoption of the reduction of working hours in public service; secondly, the question of part-time work; and thirdly, the question of weekend work.

[Question] As regards the reduction of working hours: You didn't make any friends with your "regulation of work breaks" as done in Saarbruecken....

[Answer] We offered two solutions: for one, an extended lunch break and, for the other, a greater possibility for the workers to set their working hours themselves together with time recording devices. This appeared to me to be noncontroversial because the IG-Metall (Metal Workers Industrial Union) executive prevailed with this solution in its administrative office, namely against the shop council.

[Question] Prior to the party congress there were fierce fights in the SPD over the relationship with the labor unions. The dispute appeared to be settled by a compromise formula. Why did you again resort to a confrontation course in your speech?

[Answer] The SPD cannot simply adopt union resolutions and formulate its economic policy by supporting the pure doctrine of the unions. Thus it would ignore the FRG system that recognizes not only employed persons and their organizations but also many free entrepreneurs, self-employed persons, craftsmen, and middle-class people who must get a chance to voice their arguments in a people's party. Moreover: There are great differences of opinion within the unions on participation of the employed people in the productive property, on the reduction of the workweek, on early retirement, on part-time work, on the shaping of the collective bargaining agreement.

[Question] The topic of reduction of working hours played an important role in Muenster. Some of your party friends thought that it is no way to create jobs....

[Answer] Thus far the objective has not been first and foremost to create jobs; in that respect the instrument of reducing working hours would have to be applied quite differently. The objective was to use the advances in productivity for reducing working hours, so that the number of unemployed will not increase even more. In the past reduction of working hours essentially has safeguarded jobs. No one who understands anything about the matter doubts that.

[Question] The unions repeatedly advance the argument that thousands of jobs have been created.

[Answer] The union formulations include the words jobs would be safeguarded or created. That is correct.

[Question] Another emotive word was the term "wage giveback"....

[Answer] The word wage giveback was introduced into the discussion by those who were opposed to my ideas and tried to discredit them with misrepresentations. Concretely my purpose was to use income increases of white-collar employees and civil servants in the higher income brackets as a solidarity contribution to make financing of additional jobs thus possible. This is also defensible because these income groups are considerably favored by the tax reform.

[Question] In other words, that would be the "solidarity contribution." Exactly where does it start?

[Answer] I had mentioned a salary group, namely A 12.

[Question] Thus at a base salary between DM 2,500 and 4,000. But again concerning the arrangement of the working hours: Really why do the unions get so worked up about your remark that part-time work is better than no work at all?

[Answer] The IG Chemie (Chemical Workers Industrial Union), which had its congress just now, points out that it concluded collective bargaining agreements for part-time work very early. In this respect I do not understand the entire debate either. Moreover I attached three criteria to part-time work: It must be requested by the work force, it must be socially protected, and it must make the transition to full-time employment possible. If these conditions are met, I said, that is better than no job at all. I cannot see any cynicism in that. It is presumptuous to refuse people something that they themselves want.

[Question] At least as controversial is the topic of weekend work. In this case you are confronting practically all unions and the churches.

[Answer] In this debate—and I can only wonder here—some of those involved have withheld the fact that I always link shorter working hours with that. The nestor of Catholic social doctrine, Oswald von Nell-Breuning, once said that sometime it would happen that we would have to work only one day to obtain the necessary national product. If the working hours get shorter all the time, and I must insist on that, the economic utilization of the plants must be discussed even in a capital-intensive economy.

For example, weekend work is already being done at BMW with the approval of the shop council. Such agreements between the shop council and the union representatives are already on the agenda in other large plants. In the EC, that is probably the usual thing. Continental, the tire manufacturer, has introduced 28-hour weekend shifts in its plant in neighboring French Saargemünd with wide approval by the workforce and with the participation of the CGT union. In this process an additional 200 new jobs were created. Three days of weekend work means 4 free weekdays and the wage for 36 hours with 28 hours of working time.

[Question] Do you want to convey the impression to us that the union leadership lags miles behind the rank and file?

[Answer] I merely state facts.

[Question] In Muenster you advocated a "pragmatic fantasy." Where are the limits in this respect?

[Answer] A solution that serves the working force as well as the entrepreneurs, that is pragmatic fantasy.

[Question] Another controversial area in the party is the taxation of enterprises. There were many people in Muenster who regarded the preferential treatment of reinvested profits advocated by you as a kind of currying favor with the entrepreneurs by Oskar Lafontaine.

[Answer] That is not at all what is important here. It is obvious that we must structure the taxation of enterprises in the FRG so that we will be competitive on the European market in the future. This international context is neglected by the Federal Government. The present reform that calls itself tax reform does not take this aspect into account.

[Question] In other words, enterprises are to receive tax relief?

[Answer] The entire structure of the tax system is important. Here we have advocated inclusion of the social and ecological components. Any other way of looking at it, it cannot be said often enough, is behind the times even though a majority continues to think that way. The ecological component includes that I have advocated an increase in the price of energy conversion which would also lead to a burden on the enterprises. This could be balanced by relief with regard to other taxes.

[Question] How does that fit together?

[Answer] We must find a socially, ecologically, and economically justifiable tax package that really deserves the name tax reform. I have mentioned the elements: Taxation of the enterprises must be oriented on the competitive conditions of the European market; the price of energy conversion must be raised if we really do not want to continue provoking the dying of seals, the dying of forests, the pollution of rivers, etc.; taxation of the employed persons must be socially just and at the same time must be reduced with the price increase for energy conversion.

[Question] That is your concept. But the SPD has not yet any final tax concept even though some commissions have been working on the subject all the time.

[Answer] This is a prejudice cultivated in the press, which I cannot confirm. At the time of the reform of the income tax rate schedule we had submitted a better model than the present coalition. Our concept was better because it met the principle of social justice. The principle was a relief of the low incomes, especially of wage incomes, but also the low salary incomes and retention of the old tax rate schedule for those in the higher income brackets. I said at the party congress: Something is wrong in a republic in which a federal chancellor gives himself tax relief amounting to DM26,000 a year and an unemployed person gets about DM1,000 in unemployment compensation. Furthermore: When the coalition objects

that we also wanted to increase consumption taxes—for example, by taxing energy—then I can only respond: We have a concept. The coalition did not decide on the increase in consumption taxes to bring the tax system more in balance, but simply to plug holes. Thus the charge of lack of concept applies to the coalition parties, not the SPD.

[Question] But the SPD does not want to commit itself to concrete tax rates.

[Answer] It will decide on the tax rates only when it is responsible for the government and knows the financial legacy of the Kohl government. To provide standard rates now for various types of taxes in coming years without being able to determine expenses, that can be done only by armchair politicians. I don't get involved in that.

[Question] You have already mentioned the ecological component of an SPD economy. What is the basic principle?

[Answer] In the past 20 years we have actually applied only fiscal and social criteria, but not the ecological ones. Now if someone says that everything is in perfect order, we have 3 percent growth, then he has not understood anything. Ecological economics means that the system of taxation is again used, as the name says, to guide the economic process towards an ecological economy which consumes less material and energy. The fundamental reorientation of the system of taxation consists in that the energy conversion is taxed more heavily while the taxation of earned incomes is lowered. We want more work, therefore it is incorrect to increase the cost of work; we want less energy consumption, therefore it is correct to increase the cost of energy consumption.

[Question] Wouldn't it be simpler to say categorically: Polluting is forbidden?

[Answer] It would be nice if we were to say so and would also have immediate success, but it is not that simple. This ecological restructuring must be done in keeping with the market and the system of taxation is an instrument in keeping with the market.

[Question] The leading economic policy proposal received a convincing majority in Muenster. How do you assess its importance: Was it a qualitative leap or a proposal that will be followed by others?

[Answer] It is a milestone because it contains signals of the opening which we indicated in recent months. We are going to provide additional more concrete formulations. This will be the task for the next 2 years.

[Question] In comparison with the Godesberg Program, does that amount to more market economy?

[Answer] The debate achieved that the market economy is given a greater role. However, it is incorrect when Godesberg is used as a comparison time and again in the financial press. Godesberg does not know the term environmental protection. In that respect our new economic policy cannot be a second Godesberg. The decisive difference is the ecological component.

[Question] Does the greater opening of the SPD toward the market also signify an opening toward entrepreneurship?

[Answer] Our economic policy for a long time has banked too much on the state and has overestimated the state possibilities. The market is more flexible in finding new possibilities and better solutions, also as far as the ecology is concerned, than state-controlled bureaucracies. The state must intervene with general conditions only where the market is blind to the social and ecological developments.

[Question] Undoubtedly that is something which confirmed market economists like to hear. Does that manifest the new economic competence of the SPD?

[Answer] If the assumption is accepted that economy, social aspects, and ecology are involved at the same time, then the SPD is farther along than other parties. In that respect I would confirm that the SPD has a modern view of the economy.

[Question] Do you believe that this impression will prevail among the voters—or does the impression of the dispute remain?

[Answer] Entrepreneurs as well as unions have expressed their views, critically and positively. What more do we want? A party must see to it that its ideas are discussed among the people. A party loses unless it conducts a lively discussion.

[Question] The party is looking for new strata of voters. Did you make progress in this respect with this party congress?

[Answer] We need more than the 37 percent that we achieved in the last Bundestag elections. It is my impression, and the opinion polls confirm it, that with our work we succeeded in gaining more female and male voters for our policy.

[Question] Isn't it true that you were relieved of the main work by the bad condition of the government coalition?

[Answer] That is always a system of communicating tubes. The government technically operates very poorly. We are in the process of renewing our program. Both together lead to good results for the SPD.

[Question] Among which strata of voters?

[Answer] Among the 63 percent who did not vote for us in the 1987 Bundestag elections. Of course I know that we cannot win over all of them.

12356

Brandt Offers Reevaluation of SPD Party History
*36200003a Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 16 Sep 88 p 12*

[Article by Ralf-Georg Reuth: "Has the SPD Adopted a New Historical Perspective? Two Speeches by Honorary Chairman Brandt in Berlin"]

[Text] Berlin, 15 Sep—Last week in Berlin, Honorary Party Chairman Willy Brandt delivered two speeches that had the ring of a legacy. They introduced new social-democratic perspectives together with a changed historical view of the Party. At a conference of the Socialist International (SI) commission on economics which took place prior to a conference of the International Monetary Fund (IWF) which had been scheduled for September, Brandt, as president of the SI, demanded a fundamental restructuring of both institutions so as to promote a new, more just world economic system.

He called opponents to such a reform "incurrigible hardliners" and identified them as the chief investors in the IWF and World Bank of leading industrial nations of the West, all led by the United States, "even though that country is by now the leading debtor nation and anything but an example for setting 'healthy' economic and financial policies." Brandt contrasted this attitude with Gorbachev's "who is interested in North/South issues" and, Brandt ventured to say, might well participate in conferences of both institutions in the not too distant future. By saying that the Soviet presence "is likely to do more good than harm" the SI chairman expressed the opinion that a decrease in U.S. influence and an increase in Soviet influence would contribute toward a new, more just world economic system.

At another function Brandt, as honorary chairman of the SPD, spoke about "crossroads in German history." He pointed out that Hitler's reach for power in January 1933 would have failed had it not been for the "crucial events of 1918/19" when, in the course of the revolution, the German labor movement split into the Social Democratic Party and the Communist Party over a lack of consensus of how to approach the democratic system of government. It was then that Brandt began to reassess Party history. He said that it was the "social-democratic leadership" of men like Ebert, Scheidemann, and Noske; men who had leveled the way for the first German Republic against communist opposition, that paid heed to the threat of the "Bolshevik menace" as it was propagated then by the antiliberal bourgeoisie. Thus the revolution of 1918/19 fell short of stripping "reactionary circles" of their power. With this thesis Brandt obscures

the real reason behind the split, namely the question of what the estranged comrades really thought of the system of a parliamentary democracy.

In connection, on the same occasion Brandt spoke about the building of the Berlin Wall in 1961 and called the event "the Berlin lesson that affected me the most." When the United States failed to intervene he began to understand beyond the shadow of a doubt what former U.S. Secretary of State John Foster Dulles had told him as early as 1959, namely that the Americans and the Soviets agree "that there is no place for a neutral, especially an armed neutral Germany that moves back and forth between the two fronts." An outcome of this, his "deep disappointment" with the West, is that he apparently puts the responsibility for the division of Berlin and Germany no longer alone with the Soviet policy of expansion and the denial of self-determination to the people within the Soviet sphere, but also for a good part with the United States.

This experience called for a political rethinking by Brandt which resulted in the application of Ostpolitik by the social-liberal coalition government. The worldwide political perspective he presented to the SI economic commission suggests that the chairman of the Socialist International apparently now prefers to cooperate with the Soviet Union rather than with the United States. In his other speech also delivered in Berlin, the SPD honorary chairman used lessons from history to underscore his point. It is not clear whether Brandt's new orientation is an outcome of historical insight or whether it is his present world view that commands a new interpretation of the past.

Seen against such a background several cryptic remarks by the honorary party chairman concerning the political future of Germany take on a much clearer meaning. Such as Brandt's recent allusion in Berlin to a "togetherness in the midst of separation" which does not aim to fulfill dreams rooted in the past but rather strives to "bring together in a new way what belongs together." Clearly, Brandt was not referring to the divided Germany because he labels such demands as anachronistic and "an intrinsic lie put forth by the second German republic." What Brandt wants "to bring together" are rather the political tenets of SPD and SED, the latter being the successor of the KPD. He wants to unite the two parties who, according to him, did not have to split up in 1918/19.

The SPD party congress in Muenster approved a joint SPD/SED ideological position paper put together in August 1987 which outlines the fundamentals of SPD/SED relations, relations that constitute in Brandt's words "a new way of thinking in German." In the paper both parties list their different views but hold that both party structures are in effect ready to make peace and to accept reforms. According to the position paper, peaceful "competition between the two systems" is needed to

solve global human tasks, such as insuring peace, preventing nuclear war, eradicating hunger in the Third World, and to master new technologies.

As much as the all important question of peace has become the bedrock for cooperation—and joint SPD/SED agreements to create a corridor, free of nuclear and chemical weapons, provide an example for that—there is still great confusion over what the effect of the competition between the systems will be on "social progress." The position paper simply states that "the future social order will differ substantially from the present one." However, the new open-mindedness about the future that both parties endorse demands an answer as to which party will lead the way. Could it be that the honorary chairman of the SPD has already partially answered this question with both his most recent interpretation of history and his global political perspectives?

13196

NORWAY

Poll Discovers EC Membership of Little Concern to Voters

36300091 Oslo AFTENPOSTEN in Norwegian
10 Sep 88 p 3

[Article by Lars Hellberg and Roland Jorgensen]

[Text] Most people are not concerned about our EC relations. Among those who have taken a standpoint, 33 percent state that they will vote against EC membership if a new referendum takes place. A total of 31 percent state that they will vote for membership. As many as 37 percent respond that they do not know how they will vote. The uncertainty is greatest among women voters (46 percent) and the very youngest voters (43 percent).

These are the main features of the new opinion poll on EC membership that was carried out by the Norwegian Gallup Institute, Inc., for AFTENPOSTEN following a statement by the Conservative Party with the effect that the claim that Norway will be better off within the EC will be incorporated in the party's platform. Those who had expected the 1 million new voters who have appeared on the scene since the EC struggle in 1972 to tip the scales in favor of membership find no support for their expectations in the material collected by the Gallup Institute.

No Opinion

However, the percentage of respondents with no opinion on the issue is still so large that it is impossible to draw any conclusions as to further developments. The feeling of uncertainty among voters has, moreover, increased during the past few months. In a corresponding opinion

poll as late as last June, the two groups were equally strong with 38 percent each. Since then, both groups have thus been losing ground, especially those in favor of membership.

On the other hand, the group of respondents with no opinion on the question of entry has become considerably larger. A total of 37 percent today compared to 24 percent last June. However, 43 percent of the respondents indicate that they are concerned about the issue, compared to 37 percent in the June poll. But a clear majority of 54 percent of the respondents are still not very concerned about the EC issue.

Differences Between Male and Female Voters

The first question asked by the Gallup Institute in the telephone poll taken on Tuesday and Wednesday of this week, which included 1,030 respondents above the age of 17, ran as follows:

"The issue of Norway's relations with the EC has reemerged in public debate. Would you say that you are concerned or not too concerned?" The answers clearly show that the interest is greatest among male voters (52 percent) and least among female voters (33 percent) and the very youngest voters. A total of 73 percent of the respondents between the ages of 18 and 29 respond that they are not very interested in the EC issue.

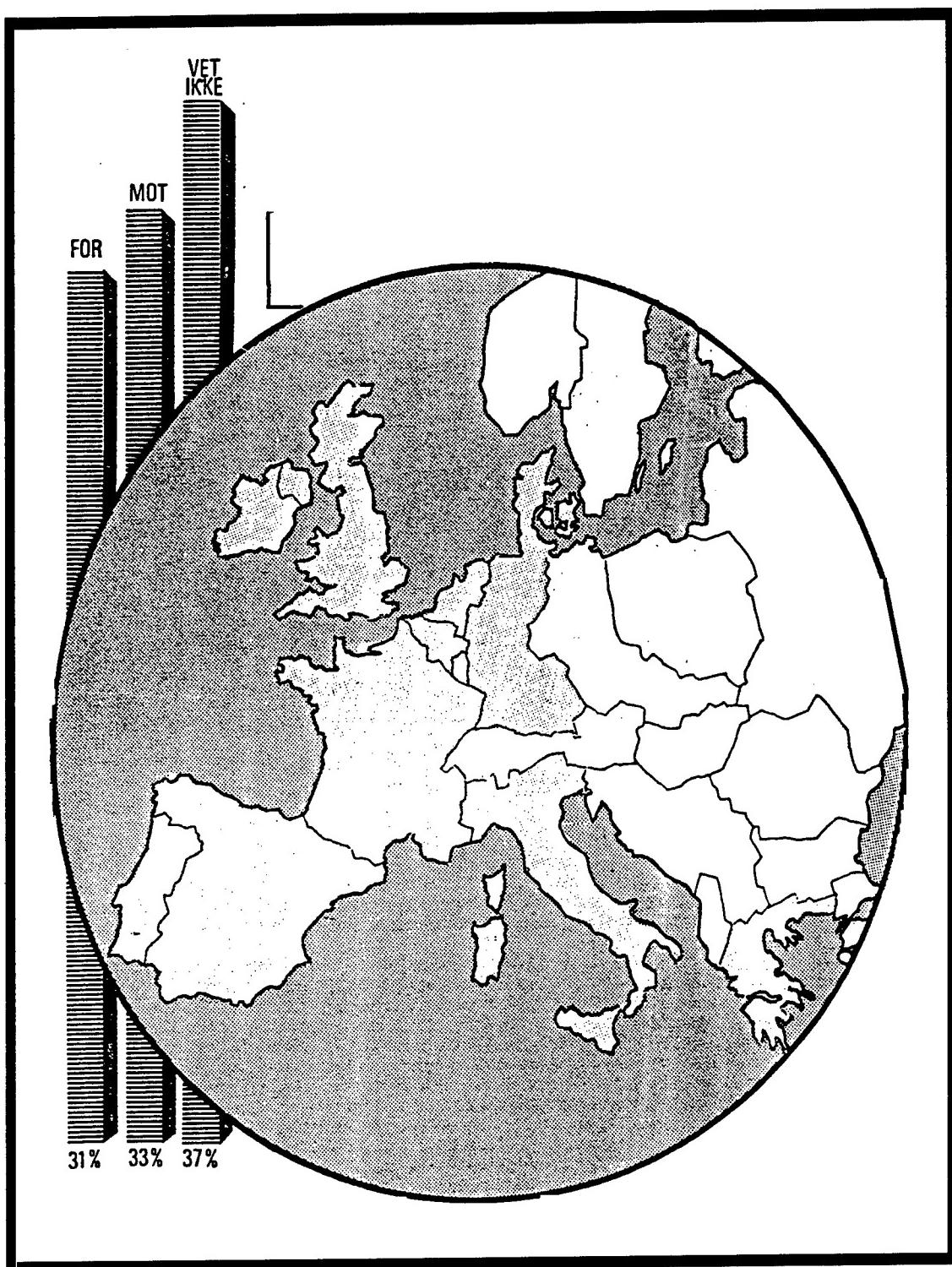
The second question ran as follows: "Supposing a referendum on Norwegian membership in the EC were to take place tomorrow. Would you then vote for or against Norwegian membership?"

The answers indicate that many of those who voted against membership in 1972 have changed their opinions. A total of 37 percent of the respondents between the ages of 45 and 59 thus answer that they would vote for membership today. Among those above the age of 60, 31 percent respond that they would vote against, and 30 percent in favor of membership.

Youthful No

Among those between the ages of 18 and 29, 31 percent oppose membership, while 26 percent support it. The corresponding figures for respondents between the ages of 30 and 44 are 35 percent for, compared to 30 percent opposing membership.

The opposition to Norwegian membership is greatest in northern Norway (42 percent), while the support is greatest in Oslo and Akershus with 38 percent. While the opponents have an advantage of 15 percent over the supporters in the Trondelag counties and northern Norway taken as a whole, the supporters are leading by 11 percent in Oslo and Akershus. In the country as a whole, the difference is smaller. In the remainder of eastern



Norway, the opinion poll shows a lead of 31 as against 28 percent on the part of the opponents. While the corresponding figures in southern and western Norway are 33 compared to 30 percent.

If one disregards Oslo and Akershus, the percentage of respondents with no opinion on the issue is greatest in eastern Norway with 41 percent. North of Dovre, that

percentage is 10 percent lower. However, the overall impression is unambiguous: Most Norwegians are not particularly concerned about the way in which we arrange our future relations with the European Community.

07262

FRANCE

Coproduction of Maritime Patrol Aircraft Planned

35190111a Paris *LE MONDE* in French
4-5 Sep 88 p 13

[Article by Jacques Isnard]

[Text] The Aerospatiale [National Industrial Aerospace Company] firm and the Dassault-Breguet group have decided to combine their know-how and cooperate in designing a new maritime patrol aircraft intended mainly for the foreign market. This is the first time that the two French manufacturers will be working together to develop a military aircraft of that type.

Designated "ATR-AMD Petrel 42-72," the program in question will combine the airframe of the civilian ATR short- and medium-range airliner—produced by Aerospatiale in cooperation with the Italian firm of Aeritalia—with the weapon and detection system developed for the Atlantique-2 aircraft by the Dassault-Breguet group.

The Atlantique-2 is a twin turboprop for maritime patrol (approximately the size of the Caravelle) that the French Navy Air Force has ordered to replace its Breguet-Atlantic aircraft, which have been in service since 1967. The Atlantique-2, which will begin entering service after 1992, will be capable not only of carrying out the traditional missions of reconnaissance and searches at sea but also of attacking surface ships or hostile submarines using the AM-39 Exocet air-to-surface missiles or torpedoes with which it will be armed. Compared to the Breguet-Atlantic, this aircraft, which has an automatic weapon and detection system, is, in a way, a genuine computer and flying command post.

The French Navy Air Force has estimated its requirements at 42 Atlantique-2's. But the aircraft is expensive: a parliamentary report estimates that each unit will cost 500 million francs in operation (including taxes and logistic support). From 1985 to date, the Navy has ordered 16, and it is not certain, in view of the Navy's other aspirations, that its budget will permit it to reach its planned goal.

While the FRG, Italy, and Pakistan have also been able in the past to acquire Breguet-Atlantic maritime patrol aircraft at the same time as France, the situation may be different as regards possible exports of that aircraft's successor, the Atlantique-2, which is considered too heavy and too high-powered abroad.

Diversifying the Range

Under those conditions, Aerospatiale and Dassault-Breguet adopted the idea of developing a complementary and financially more accessible program making it possible to diversify the range of maritime patrol aircraft available. The plan calls for placing all or part of the

Atlantique-2's armament and navigation and detection equipment in the airframe of the ATR-42 regional transport plane (or its upcoming "stretched" version, the ATR-72). The firms are thus combining two commercially proven programs that are already in production in order to reduce their expenses.

So far, 268 units of the ATR-42, which carries from 40 to 50 passengers to distances of 1,500 kilometers at 500 kilometers per hour, have been ordered by 37 different customers. The 100th aircraft has just been delivered. The ATR-42 therefore belongs to a family of aircraft that is coming into widespread use in the world of regional or "commuter" airlines.

With a weight that should be roughly three times less than that of the Atlantique-2, the new maritime surveillance aircraft should be able to remain in the air for between 7 and 10 hours at a stretch instead of the average of 15 hours being claimed for the successor to the Breguet-Atlantic. That kind of performance is of interest to countries which require shorter zone patrols to ensure the security of their maritime approaches.

The principle of cooperation between Aerospatiale and Dassault-Breguet, between whom relations have not always been rosy, is now an established fact as far as the Petrel-42 program is concerned. Current discussions are concerned with the division of work between the two manufacturers and the estimate of costs to be borne by each. According to preliminary estimates by a source in the industry, the export market for this new maritime patrol aircraft will probably total more than 50 units over a 10-year period.

11798

GREECE

U.S. Reaction to Bases Policy Gauged

35210004b Athens *AKROPOLIS* in Greek 18 Sep 88 p 6

[Article by the special "Diplomatic" associate]

[Text] While the prime minister's health and signs of a breaking up of the public sector have monopolized the interest of public opinion, significant developments occurring in a particularly sensitive area of our foreign policy are going unnoticed, namely Greek-American relations. The latest events—that have many far-reaching, unknown, behind-the-scenes effects—are leading Greek-American issues toward a new phase the main characteristic of which is a (for the time being) "guarded strain." The most noteworthy element of this phase is that both governments seem to be acting spasmodically to a great extent, consequently without any substantial diplomacy with the result that their handling of the issues have created conditions for a possible outbreak of a dangerous crisis.

On the Greek side, a well-known problem is set forth—and this is particularly acute since we have essentially entered the pre-election period—namely foreign policy decisions are being decisively influenced by domestic policy criteria. This fact leads to a “fireworks-type diplomacy” that, of course, is bound at some point to exhaust the not unlimited patience of our interlocutors from across the ocean. On the other hand, American diplomacy lacks a unified and consistent approach to confronting the Papandreu government since there is great variance among Washington’s top leadership concerning the extent of mistrust of PASOK’s aspirations. The recent new aggravation in Greek-American relations might be better understood if they are viewed only through the above-mentioned facts.

Three Tendencies

Now, more specifically with regard to the tendencies that seem to prevail in American policy vis-a-vis the Papandreu government, three “groups” must be pointed out: (a) conservative elements in the Reagan government and Pentagon officers who express impatience over the circumlocutions used by Mr Papandreu for internal consumption, and they are demanding the adoption of a “firm” stance toward him; (b) high-ranking State Department officials (Shultz, Ridgeway, etc.) who are recommending “patience” and a flexible diplomatic stance even though they themselves have recently begun losing patience and have begun hardening their line; and (c) middle-level diplomatic officials both in Athens and Washington, for example, Ambassador Keeley, Mr Flanagan, the American negotiator, as well as officers of the Southern Europe desk all of whom propose a form of mild “Realpolitik” vis-a-vis A. Papandreu. This policy means ignoring his “provocative” sloganizing and instead taking into account only his (anything but anti-American) actions. It should, nevertheless, be pointed out that in the past few days the position of these particular officials—who to a large extent generally influence the United States’ foreign policy—has weakened and the voices of the two “harder” groups has now been gaining ground.

With all of these factors in mind let us now look at both the front and behind-the-scenes picture of the aggravation in relations:

1. Frank Carlucci is making statements toward the Turkish side saying that there is no question of a guarantee of the frontiers of a NATO member state (Greece) from an attack by another member state (Turkey). These statements by the Pentagon representative, even though as an expression of a “firm American position,” are at least awkward in nature and for that reason are provoking displeasure in the State Department and particularly among middle-level officers in Athens and the United States. The view of these officers was very simply put, “If some of our own people were to speak less we would have fewer problems.”

2. At the same time, Carlucci’s statements constitute an opportunity and grounds for a piece of “fireworks” for internal consumption that Mr A. Papandreu himself is deciding on. The government publicly announced what is actually being negotiated, i.e. the intention to close down the Ellinikon base. It is self-evident that this extremely small diplomatic act is provoking strong irritation in Washington with the result that Mrs Ridgeway herself has been adding fuel to the fire through her statements.

3. High-level State Department officers have decided that the time has come for the United States to discreetly but strongly protest Mr A. Papandreu’s “balcony diplomacy.” This “message” was brought by the American ambassador despite his own reservations. Subsequently, as a government official told us, it was the Papandreu government that decided to publicize the Keeley “visit” for the purpose of strongly emphasizing to public opinion the Americans’ displeasure over the “nationally proud” decision to close down the Ellinikon base. A series of statements by Mr Kostopoulos on the Ellinikon base issue only increased the Americans’ anger.

4. Finally, when the American negotiating team was officially informed about the Greek Government’s decision to close down the base, the American negotiators (who already had their corresponding instructions) broke off the talks, a position that, of course, does not constitute a “routine” move (according to Mr Kostopoulos) but something that aims at publicizing their strong dissatisfaction.

Suspension

So, how is the situation sized up at this moment? The Greek Government, despite the shutdown of the Ellinikon base, is careful not to go so far with the United States that there might not be any point of turning back. In essence, Mr A. Papandreu made his “dramatic” move—without, of course, burning his negotiating bridges—and is now waiting for the Americans’ reaction. Views are already being heard in the United States for breaking off the talks, at least until after the presidential elections, while Pentagon officials are resolving that the prospect of the bases’ shutdown must begin to be faced as a very serious option. Within this atmosphere the endeavor on the part of Mr Flanagan and other middle-level State Department officials in Athens and Washington to have their view prevail, namely that talks must continue and their tone be kept low-key should be pointed out. It is, nevertheless, possible that in the long run Flanagan’s view might convince George Shultz, although much depends on the results of his scheduled contact with his counterpart Mr Papoulias.

Nevertheless, besides these particular points of friction and besides current difficulties, it appears difficult for both Greece and the United States to go beyond the no return point with the shutdown of the bases. The price for both countries would be great. The most probable

thing in this particular phase is that middle-level officers of the State Department will be once again listened to and negotiations will resume on a regular basis. And yet it is very doubtful if the negotiations can survive another pre-electoral piece of fireworks and the new crisis that would follow. The glass has not shattered but it has certainly cracked.

5671

Alleged Understanding With Spain on U.S. Bases
35210004a Athens I KATHIMERINI in Greek
25 Sep 88 p 5

[Article by Nikos Simou]

[Text] It is becoming clearer and clearer that no bases agreement with the United States is scheduled to be signed prior to the elections. In other words, something that everyone had suspected in the past has now been confirmed following the meeting between Papandreu and Shultz and the Greek minister's statement that negotiations might last a long time, just as was the case in the American-Spanish negotiations and the American-Turkish negotiations before that.

Of course, this notification is also indicative of the government's intentions since the bases issue has been included in PASOK's bag of tricks, without, however, things getting dangerously out of hand for the country. At least as long as PASOK is the government. Thus: (a) the bases will continue operating so long as any delay in negotiations does not entail any automatic suspension of their operation, while the 17-month time limit for the withdrawal of the bases from the time of the revocation of the agreement will greatly exceed the time of the elections, and (b) the government, without any substantial aggravation in Greek-American relations, will continue playing its election game.

For all those who are closely following Mr Papoulias' contacts as well as the course of negotiations for a new Greek-American defense agreement it is clear that the Greek side is seeking to follow the Spanish model and the stance taken by Madrid on the Torrejon base. In fact, there is information to the effect that the year before last during the meeting of the Greek and Spanish foreign ministers in Athens it was agreed that there would be mutual tactical briefings and the implementation of a common line, that is to the extent possible vis-a-vis Washington, on the issue of bases existing in both countries.

Of course, the Spanish example could have constituted a negotiating model for the Greek side under three conditions: (a) our country not having the geographic position it has; (b) our country not having open problems with Turkey; and (c) our country not being dependent defense-wise on the United States to such an extent.

Washington has already forwarded its messages, perhaps in a more resolute manner than previous times, foreseeing, besides, that PASOK's chances of winning a third 4-year term of office have diminished to zero. These messages, for example, say that the unilateral announcement of the closing down of the Ellinikon base will have an effect on the negotiations. Also, that if this base is shut down the military facilities of the Americans will be less and so aid will also have to be less. And, finally, that, at the most, the Ellinikon base and its facilities will be moved elsewhere.

It would have been a desirable thing if the government could have been convincing that all of its acts of perseverance were done only to obtain additional aid. However, this is something doubtful since we have become content, also through agreements, with the well-known 7 to 10 ratio, while, on the other hand, Washington does not seem willing—paying back our own unwillingness during the socialist years—to give something with the other hand, as it is doing in the case of Turkey.

Consequently, before moving forward in irreversible actions, the government must comparatively evaluate Greek capabilities with the Spanish ones and not follow examples beyond Greek means, without, on the other hand, yielding in the manner it did yield when it signed the 1983 agreement. It must, however, have as a principle the acquisition of the greatest possible materiel, defense and guarantee benefits for Greek interests instead of goals for disorienting a segment of the people as it is seeking to do prior to the elections.

Besides, the bases issue as a search for votes has now become a "squeezed out lemon" and is not offered as bait to people who have previously tasted the plenitude of the socialist government.

5671

PORUGAL

Azores IBERLANT Integration Seen as U.S. Ploy
35420003 Lisbon SEMANARIO in Portuguese
17 Sep 88 p 4

[Article by Jose Freire Antunes]

[Text] An old aspiration of our armed forces has been satisfied: the Azores archipelago will no longer be subordinate to WESTLANT, but rather to IBERLANT. Decoded, the military forces of the ISCOMAZORES, who until now received orders from the American commands headquartered in Norfolk (Virginia), will obey Portuguese commands of IBERLANT in Oeiras.

In addition, the limits of the new strategy have been clarified. Only the Azores territory will be transferred to IBERLANT—the ocean area surrounding it will continue to fall under the direct responsibility of WESTLANT. The Americans have always argued, since the

creation of NATO, for keeping the Azores (and the base at Lajes) within the "hemispheric defense" zone. Even before the United States' entry into World War II in 1940, military leaders in Washington demarcated the American patrol system to the 25th meridian (encompassing the Azores).

In modern times, one of the United States' classic arguments against Portugal's aspirations was that of functionality: SACLANT (the Supreme Allied Command of the Atlantic) and WESTLANT (the operational Command) were located in the same building in Norfolk and the transfer of the Azores would bring with it practical inconveniences. Lisbon authorities, taking a stand against the inclusion of the Azores in WESTLANT as not conducive to national cohesion, repeatedly protested this American pretext.

It is said that, at the operational level, the integration of Portugal into NATO was—and will continue to be—characteristically dispersive. The Azores have depended on a NATO command based in the United States (WESTLANT), while Madeira and the continent fall under a different NATO command (IBERLANT), headquartered in Oeiras. Both WESTLANT and IBERLANT are subcommands of SACLANT, which is the naval command.

Continental Portugal is thus split off from the Supreme Allied Command of Europe (SACEUR), the continental command, whose line of influence traditionally ends at the Portuguese land border. This division, in geopolitical terms, determines Portugal's Euro-Atlantic status and role. But the situation is even more complex when one considers the differences between the roles attributed by NATO to the three branches of the Portuguese armed forces. The army is attached to SACEUR (with the mission of providing reinforcements in Italy during wartime), the navy to SACLANT, and the air force simultaneously to SACLANT and SACEUR.

One of the elements of this "intriguing" web now disappears. The integration of the Azores territory into IBERLANT is formally a strengthening of Portuguese sovereignty, since Portugal will now command all the land forces operating on national territory. This is an implicit recognition on NATO's part of the capability of the Portuguese armed forces of assuming responsibility for the security of Portuguese territory.

The transfer puts into practice the teachings of some of our defense theoreticians, who believe that there should be, in wartime, a sharing of strategic tasks between Portugal and the United States. Concretely, according to them, Portugal should be responsible for land activities and the Americans for aeronaval activities (though with aeronaval cooperation on the part of Portugal).

At the same time, as a peacetime strategy, Portugal will have to possess the minimum resources for securing control in the areas of its responsibility. What are these

areas? The Azores, Madeira and the continent. That is, the "strategic triangle," a designation by Gen Loureiro dos Santos (in "The Role of Portugal in the Defense of the West", NATO REVIEW, December 1976) now popular in the vocabulary of the specialists. The importance of the "strategic triangle" for control of the Atlantic is vital. What are the resources? Some of them are what we hope to receive from Washington in exchange for Lajes.

It is here that still unanswered questions arise. Has Portugal given, or will it give something to the United States in exchange for this "concession" by NATO, under the obvious inspiration of America? Says one general to SEMANARIO:

"The transfer of the Azores is positive in itself, but it could also be a way for the Americans to reduce our price in the negotiations for the base." Another Atlantist military official is less elaborate in his appreciation: "This was, as far as I'm concerned, the result of our persistence."

On the other hand, the United States' receptivity to Spain's contribution to NATO is ever clearer, through its statute of non-integration in the allied military structure. Military officials like Lemos Ferreira, Chief of Staff of the Armed Forces, and civilians like Jaime Gama, president of the Parliamentary Commission on Defense, have taken stances against the hegemonizing Spanish "6 point" program, and Portugal's "veto" of Madrid's globalist designs is well known. Would this "carrot" of the Azores, in Washington's view, be part of a strategy of neutralization?

The reincorporation of the Azores obviously lends credence to the trend of unifying the strategic area under the responsibility of Portugal. But the functional diminishment of IBERLANT, particularly in its lack of defense resources, or of its "burying" in Spain's plans for NATO, would diminish Portugal's role. The United States "gave" the territory—will it give the resources?

In the final analysis, that depends upon the Portuguese government's negotiating capacity with respect to the totality of bilateral and multilateral factors: what is to be provided in exchange for the Lajes base, the division of strategic tasks within NATO, integration into the WEU.

13026

SPAIN

Changing Attitudes Toward Military Detailed

Poll Reveals Negative Views

35480005 Madrid CAMBIO 16 in Spanish
19 Sep 88 pp 16-22

[Article by Juan Gomez and Luis Rubio: "Of What Use Is This Army?"]

[Text] There is every indication that Spanish society is becoming more alienated from its Armed Forces every day. All that is needed is an announcement of some

modernization plan to cause its cost to be automatically questioned. As soon as an attempt was made to establish a firing range for the Air Force in Cabaneros the public came out against it; and the same thing is happening in Anchuras. Concurrently, every day the youth opposed to performing military service are more numerous and more radical. In the Defense Ministry itself, they are viewing with amazement this divorce between society and the Armed Forces which, according to its spokesman, Lluis Reverter, "is one of the ministry's main concerns."

The cost of the military is enormous (three quarters of a billion [pesetas] annually) to a society that is overwhelmed with problems of unemployment, insufficient education, underdeveloped infrastructure, and a nightmarish healthcare system. The recruits waste time; they are subjected to cruel hazing; there are too many accidents in which many young men die or suffer serious injuries, which are just another sign of disorganization and technical underdevelopment at a time when military science is approaching the war of the galaxies and using the most sophisticated technologies. This type of military life is not in keeping with the herculean effort for transformation and modernization expended by Spanish society.

Why are so many young people committing suicide? Why is there such an angry reaction from society to the issue of the firing ranges, for example? Are the military a useless caste, a threat? Concretely, of what use are they if there is no sure enemy to justify them in the eyes of increasingly pacifist civilians?

An immediate result of this feeling and these views shared by many Spaniards is a rise in conscientious objection and in the image that the armed forces have no specific role in a Spain that is fully integrated into Europe at the threshold of the 21st century.

Reverter himself does not seem to have a very clearcut notion of what purpose the Army serves at present. To explain the function of that war machine, consisting of over 300,000 men, he remarks: "The Armed Forces basically serve to prevent war. They do not exist to wage war but rather to prevent anyone from waging war on us." And then he claims: "Spain is a country without enemies."

Both those who uphold the existence of a powerful army ready to assume a war footing at any time and its detractors agree on one point: in peacetime, without enemies lurking at our country's doors and in an atmosphere of eased world tensions it is very difficult to "sell" the idea that the Army's existence is necessary. This situation has been accentuated by the economic crisis that our country is undergoing.

The lack of an awareness on the part of Spanish society of the need to maintain powerful armed forces is reflected in the data from the latest poll on this issue

conducted by the Sociological Research Center and published in this magazine: 39 percent of those polled think that Spain's military spending is excessive, although 43 percent of those queried agree that we are spending less money than the countries surrounding us on that item.

Given this situation, large sectors of the country's public are beginning to wonder whether, instead of an army of recruits, it would be better for Spain to be provided with a professional army. Gen Juan Cano Hevia, former director of the Army Advanced School, himself, claims: "The professional army is so remarkably superior to the forced recruit army that no member of the military who considers efficiency could harbor any doubt about it."

The propagandists of professional armies have as a closer reference point the Malvinas War between Argentina and Great Britain. The latter is the only European nation with a professional army while the Argentines countered it with recruited soldiers who, in many instances, had not reached the age of 20. For the specialized "Gurkhas," the Argentines proved to be "a piece of cake," and Great Britain chalked up another victory in its war history.

Nevertheless, there are some who, like Jose Luis Buhigas, ex-chairman of the Spanish Communist Party's [PCE] Defense Commission, do not agree with this assessment. "The example is not valid, because it could be contradicted by the best trained and most effective army in the world, the Israeli Army, which, under equal circumstances, and as has been proven in the wars with the Arabs, even with lesser numbers of forces, is capable of victories. And it is an army of forced recruits." According to Buhigas, the effectiveness of an army does not lie in whether or not it is professional, but rather in "the equipment with which it is provided, and the motivation of the troops."

Own Functions

Diego Lopez Garrido, a sociologist specializing in military affairs, thinks that the Army constitutes "a special caste which confounds the military itself because it doesn't know what functions it must discharge in a democratic society. Furthermore, the youth are so accustomed to the Army that they are no longer protesting against the institution. This is precisely what is needed: a reaction from society, protesting against the Army's current military spirit."

The need to find the "military identity" in a democracy is perceived by society, although 52 percent of those polled think that "the nation's defense affects all Spaniards." Conscientious objection increases as the years pass and it is increasingly the youth who resist fulfilling their obligation to the nation. In the same poll, 85 percent of those questioned seem opposed to any repressive measure against these objectors.

A young man who, at the last minute, decided to refuse to join the ranks explained his decision to CAMBIO 16 in this way: "On 20 May, 2 days before I was to join the ranks (relates Javier Alvarez, from Zaragoza), I decided to object, claiming 'humanitarian reasons.' It seems foolish and completely senseless to me that you are forced to give a year of your life to the state. The discipline frightens me; I don't mind admitting that the prospect of having to adjust to the rules of a barracks scares me. Some friends of mine have had very bad experiences. One took an overdose to free himself from the barracks, and others have become alcoholics."

According to Jose Luis Buhigas, objection, when viewed from a leftist standpoint, "cannot be fostered." He says: "In this respect, the PCE is wasting paper, confusing a part with the whole. It is one thing to become two-faced, if necessary, so as to enable any young person to exercise the right to object, and something very different to make propaganda out of the objection." Buhigas adds: "There are instances of youths who have come for advice on how to object, who have admitted that they would not mind shooting to defend the revolution in Nicaragua. This seems nonsensical to me."

While many young men refuse to render military service, a new phenomenon is emerging among girls. They want to wear the uniform. Nearly 200 have joined a military type corps like the Civil Guard, and another 40 have done so in the military academies. These figures, although small, are indeed significant based on the number of those excluded: nearly 1,000 in the case of the Armed Forces, and over 2,000 in that of the Civil Guard. Moreover, there are already nearly 8,000 women integrated into the Army, between the Military Health Women's Auxiliary Corps and that of the Civilian Workers.

The Defense Ministry spokesman, Lluis Reverter, thinks that the controversy over "mili" yes or "mili" no is occurring "because the population is not informed, and there are social groups that don't believe in defense. It is very easy for the latter to 'sell' the uselessness of the Armed Forces because their operativeness is proved in war, and that's impossible. At the same time, I think that there is a lack of faith in the institutions. A good example of this is taking place in Anchuras. They were assured that there was no danger and it was explained that the Air Force had made over 235,000 missions without a single civilian victim; yet the argument is there."

Accidents and Suicides

Many soldiers have not managed to overcome the pressures of the "mili," and have decided to object while incorporated into the ranks; but others have adopted more tragic solutions. In 1986, there were 31 suicides among youths who were rendering their military service. The following year that figure dropped to 27; and thus far in 1988, there have already been 13 soldiers who made the decision to take their lives.

In other instances there have been accidents that would be inexplicable in any other environment which have stained with blood the recruits' time in the Army. 20-year-old Angel Cabrera Vazquez, with two other companions, had, from all indications, "escaped" from the Saboya Regiment barracks in Leganes, and as they were trying to return to the barracks, after "taking a walk," Angel was shot down by Sergeant Modesto Redondo Gil. The sergeant had gone out with two captains to hunt wild boar in the vicinity of the quarters. He took Angel Cabrera for a hunting prey and fired at him.

During the first 6 months of this year, another 14 youths died as a result of various military accidents. Another 123 were seriously injured, and 152 sustained wounds of varying severity. A survivor of one accident described his experience thus: Antonio Puigcevert was resting in his field tent at Cerro Muriano, Cordoba after having engaged in maneuvers with the Granada 34th Infantry Regiment. He says: "I thought that war had broken out when I felt the wheels of a truck drive over me. It dragged me, and I was left wrapped in the remains of the field tent. I thought I was being strangled."

Lazaro Diaz was sleeping beside him. He didn't have the luck of Antonio who can talk about it now. The truck that charged into his tent killed him. This case is another of those prompting many mothers to consider it not worthwhile sending their sons into the Army in exchange for 10,869 pesetas per year. Lazaro has eight other siblings and, in his family, only he and another brother are working, adding to the family income of their father's 20,000 peseta pension.

Lazaro Diaz was serving in one of the least professionalized branches of service in our country and, of course, in Europe. In the Army, 83.55 percent of the troops are recruits, whereas in the Navy they represent 76.78 percent, and in the Air Force, 68.99 percent. The average ratio of common soldiers to officers in the Western armies stands at two soldiers for every officer or petty officer.

The Spanish Army still harbors too many evils from the past. Diego Lopez Garrido thinks that, "Democracy has not been able to reform the Army socially. The Constitution, the Organic Law on National Defense, and the creation of the Defense Ministry have made formal and legal changes in the Army, but neither access to this institution nor military education has been changed. The military academies are still being very ideologized, and isolated from university education."

The efforts to democratize the Armed Forces have not always prevented certain commands from being created, with sufficient power to decide on the lives and health of the men under their orders. In 1987, there were several

instances of members of the military being confined in psychiatric centers at the behest of their superiors, for opposing the latter's orders or, in one case, for defending the king.

One of these was Corporal Isaac Ibanez who, after arguing with the lieutenant colonel of his unit, Agustin Regojo, was threatened by the latter with "being sent to jail for disobedience." After finding out that they had called his family, telling them that he was "in very bad condition," and protesting at this interference in his private life, he ended up in the Ciempozuelos military psychiatric hospital. Lt Domingo Dezon had a difference of opinion with his captain, Jesus Sancho Piedras, at the conclusion of maneuvers of the Alcazar de Toledo Armored Infantry Regiment, and also ended up in an insane asylum.

The captain, referring to the king, had said: "This guy is a clown and a fool." Domingo Ceson reminded him that he was "insulting the head of state and king of all Spaniards." The captain reported the incident to the regiment's chief, Col Francisco Lorente Blesa, and the latter ordered the military police to arrest Lieutenant Ceson and take him to the Ciempozuelos asylum, where he was held for a period of 2 weeks.

Increasing Professionalization

According to the staff colonel queried by this magazine, on a technical level our Armed Forces leave much to be desired. "We have some operational units, such as the Legion, the paratroopers, and the Armored Division. The best equipped is the Air Force, with the new F-18 airplanes, and the Navy has improved with the incorporation of the aircraft carrier Principe de Asturias, but there is little else. In case of war, the other units would be almost more of a hindrance than a help." In this expert's opinion, the numbers must be reduced, and the technical level and professionalism increased.

The fact is that, during the past 10 years, the number of recruits has dropped from nearly 400,000 to slightly over 250,000, and an attempt is also being made to reduce the number of officers. From a total of 66,591 officers and petty officers in 1985, the number will decline to 58,233 by 1991. The number of generals will drop from 406 to 274; a cut which, although not the largest numerically, is the largest in percentage. With this reduction, no general who fought in the Civil War will be left in the Armed Forces.

Part of the bad image that the Armed Forces have come precisely from the Civil War and the entire subsequent period. Aware of this, those in the Defense Ministry are finishing the redeployment of the Army to gear it to the country's strategic requirements, and not to those of a dictator attempting to perpetuate himself in power.

Lluis Reverter claimed: "We have balanced the Armed Forces with our needs and our potential. We lack the power of the French Armed Forces, which have nuclear weapons, but we can compare ourselves with the Italians. However, we always come up against the economic problem." The Spanish military effort has been translated into defense budgets. In 1977, the latter amounted to 158 billion pesetas; with the arrival of PSOE [Spanish Socialist Workers Party] in power, during 1982, they reached 409 billion; and, for this year, the executive branch has allocated 762 billion pesetas for military spending.

The End of the Line

The equipment index of an army (equivalent to its modernity) ranks our country in last place among those in NATO, with an index of 0.53. The United States Armed Forces receive 8.40; those of Great Britain, 5.0; those of West Germany, 2.30; France attains 2.20; and Belgium, 1.25. Spain is even surpassed by Greece, with 0.78.

This index is procured from the ratio between personnel expenses and total investments. In the case of Spain, the Army earmarks 62.25 percent of its total budget for military personnel spending, and only 23.43 for materiel investments. On the other hand, the Air Force and Navy, with 52.45 and 63.89 percent, respectively, for materiel investments, appear as the most technically sophisticated and advanced members of our Armed Forces.

With Armed Forces that are largely obsolete in their materiel equipment (anyone who has been in the "mili" remembers quite well the poor operation of the weapons and the number of bombs that never exploded), saturated with unspecialized personnel, and with a public increasingly convinced that the easing of tensions is a reality, and war something very remote, the problem for the military is to convince the society that they are necessary.

Firing Ranges? No, Thanks!

There are currently two firing ranges operating in Spain: the one in Bardenas Reales, in the province of Navarra, for the Air Force, and the one in San Gregorio, in Zaragoza, for the Army.

The Spanish Navy holds its firing practice in open sea areas close to the naval bases of Cartagena, Cadiz, and Ferrol.

The establishment of new firing ranges has been the cause of more recent friction between the Armed Forces and the civilian society.

The inevitable deterioration of the ecological environment and the fear among the nearby population that accidents may occur are the main reasons that have mobilized considerable sectors of the populace against firing ranges during recent years.

The gloomy statistic related to the Bardenas Reales range, where 21 planes have crashed (nearly all from the U.S. Air Force) during its 31 years of existence, with a toll of 17 pilots and one herdsman killed, has given ample grounds for the civilian society's fear.

The purchase of land on the largest property in Europe (Cabaneros) to build a firing range for the Air Force galvanized the entire election campaign during the last autonomous elections in the community of Castilla-La Mancha.

The debate at that time was concentrated between those who did not want firing ranges and those who (without theoretically denying the need for this type of facility) did not want to have one in a park with the ecological importance of Cabaneros.

The apparent victory of the president of the Castilla-La Mancha community, Socialist Jose Bono, upon declaring Cabaneros a natural park, did not solve the problem, but merely transferred it to Anchuras.

The protests from the residents of the town of Anchuras, including a part of PSOE, are focused on the town's proximity to the firing area.

In any event, the firing range being considered for Anchuras is too small in size to meet the needs of the Spanish Air Force. The 6,750 hectares planned are less than half the ideal standard number stipulated by the American branches of service: 16,000 hectares, with a width of 18 kilometers.

Up until now, the Defense Ministry has insisted on scrupulous security measures for the new location: the area assigned for the impact from bombs is 0.6 hectares, with sandbags to prevent rebounds, and 1 hectare for firing cannons and machine guns from aircraft.

Although Anchuras will not be the largest proving ground in Europe (as Cabaneros would have been), when it goes into service in 1990 (according to the Defense Ministry's plans), it will have a strip measuring 67.5 kilometers for aircraft holding in the air, an attack zone, and a distancing path.

The San Gregorio firing range, which has been Army property since 1862, with an area of 300 million square meters, has not caused serious problems for the populations of the nine towns built in its vicinity.

Military Spending (%)

1. Do you think that the military spending in Spain is excessive, adequate, or insufficient to guarantee the national defense?

Excessive	39
Adequate	26
Insufficient	21
Don't know/no answer	14

2. In comparison with other West European countries, do you think that Spain spends more, the same, or less money on its national defense?

More	8
The same	25
Less	43
Don't know/no answer	24

Compulsory or Voluntary Service (%)

1. There are some who think that recruitment in the Army should be based essentially on compulsory military service, whereas others believe that the troops should be made up of professionals, that is, volunteers who earn a salary. Could you tell me whether you are inclined to agree or disagree with each of the following statements?

	Inclined to agree	Inclined to disagree	Don't know/no answer
An army in which the troops are also professional would entail an expense difficult for Spain to withstand	53	33	13
In 12 months of military service the troops could not possibly be properly trained	44	44	12
The nation's defense affects all Spaniards, and we must all be prepared to engage in it	52	37	10

Compulsory or Voluntary Service (%)

2. There are different opinions about the repercussions that current military service has on the life of the youth and his family.
Do you agree or disagree?

	Agree	Disagree	Don't know/no answer
In many cases military service entails a great financial cost for the family, which must do without the income that the youth might earn in civilian life	87	5	2
Military service makes it possible to meet and cultivate relations with youths of different geographical and social origins whom it would otherwise be difficult to meet	78	17	4
Military service represents an opportunity for the youth to come in contact with military values that will help him to mature personally	36	58	1
Military service might entail harm to occupational or student life	85	12	2
In military service, the youth often receives occupational training that will be quite useful in his later civilian life	29	63	8

Conscientious Objection

In the last few years, some countries have recognized the right to conscientious objection, which exempts one from military service in exchange for a series of alternate activities. Do you agree or disagree with the following statements that people usually use when talking about conscientious objection?

	Agree	Disagree	Don't know/No answer
The right to conscientious objection seems fair to me because one should not be required to participate in military activity if that is against one's beliefs.	84	11	5
All young people are equal, and there should be no differences in the manner in which they carry out their military service.	35	58	7
No problems of conscience can arise when security is at stake. Deep down, almost all of us are conscientious objectors, and if we don't admit it, it's because it isn't worth the negative sentiment it would arouse.	31	61	9
	50	40	9

One of the most contentious aspects of the subject of conscientious objection has to do with the length of service. In your opinion, what should be the length of service?

The same length as military service	63
Longer than military service	11
Less than military service	14
Don't know/No answer	9

The Mission of the Army

Yes, definitely	20
Yes, probably	29
Probably not	18
Definitely not	23
Don't know/No answer	10

In your opinion, which of the following objectives assigned to the Armed Forces by the Constitution seems the most important? Which seems to be the second most important?

	First	Second
To guarantee the sovereignty and independence of Spain	39	36
To defend its territorial integrity	22	31
To uphold the constitutional order	31	23
Don't know/No answer	7	9

Supposing that Spain were to come under military attack, would you voluntarily participate in the armed forces?

Techincal Data of the Poll Interviews were carried out in the homes of 2000 persons from all sections of the country. Males between the ages of 16 and 24 were interviewed. The field work was carried out between 24 March and 6 April of 1986. The poll was done by the Center for Sociological Research.

Conscientious Objector Movement Chronicled
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[Article by Miguel Platon and Carmen Remirez de Ganuza: "The Disaster of the Socialist 'Mili'"]

[Text] The radicalism of the conscientious objectors is just part of the deterioration that military service has suffered during the past 10 years. But this is, in turn, a manifestation of a far more serious problem: the breakdown of defense awareness. Many members of the Spanish military, demoralized by the policy of recent years, think that Spain would not withstand confrontation with a military crisis.

At the outset, they are unwilling to comment on the matter of the objectors: "That is a civilian problem, not a military one." But it does not require much insistence to find out how much it bothers them. Not so much the recognition of conscientious objection per se, as the fact that they think that there is a sign of antimilitarism and brazenness in the reasons put forth for encouraging refusal to render military service.

Worst of all is the feeling that the recruitment and mobilization structures are collapsing, and that the moral and emotional link between the youth and the branches of service has suffered considerable damage.

The trend in recent years is that only half of the Spanish males now aged 20 have actually performed military service. The annual callups amount to about a quarter of a million youths, but there are five major causes for which nearly half of them never step into a barracks, or scarcely do so.

The first of these and, because of its number, the most important, is that relating to surplus quotas. According to the information obtained by our magazine from military sources, it is not a matter of the slots being filled and there being more soldiers than the Armed Forces need. Quite the contrary: many units are suffering from a personnel shortage which, in some instances, could exceed 50 percent of the requirements. The decision to declare some of the youths (about 30 percent) surplus is political, and is made by the minister, Narcis Serra, contrary to the opinions of the staffs.

Those excluded because of illness must be subtracted from the remaining contingent. The regulations have been eased, particularly with regard to alleged mental

pathologies; additionally the number of drug addicts arriving with the replacements is larger every year. Heroin addicts, for example, are automatically discharged.

The objectors total about 7,000 per year (6,799 were officially recognized in 1987), to whom must be added several hundred desertors. Between 1983 and thus far in 1988, their number was 4,096, according to the government's response to a question from CDS [Social Democratic Center] Deputy Francisco Moldes.

Finally, there are those who simply do not show up, and are declared fugitives. The number of the latter has increased considerably during recent years, to the point of exceeding 10,000.

Those performing military service often dissociate themselves from it after passing the pertinent examinations. The control of recruitment is currently in the hands of the town halls, and appears to have undergone a serious deterioration. One military chief told our magazine: "I don't even want to think of what would happen if we had to have a mobilization."

25,000 Objectors

The first cases of conscientious objection occurred in Spain during the 1950's, on the part of members of the Jehovah's Witness sect. The military did not know quite how to react and, for several years, the very few objectors were considered impossible, and were sent home.

At the end of that decade, the legislation devised for cases of refusal to render military service, which were resolved with a sentence of from 3 to 6 years, began to be applied to them. After that period, the Witness still had to perform military service and, if he refused, he was sentenced again, to join the reserves, at least until he was over age 38. This meant spending 17 years in jail, because the induction into the ranks took place at age 21. However the period was actually somewhat shorter (in only one case did it reach 12 years in prison), thanks to the policy of pardons.

During the past 60 years, several dozen Witnesses were jailed, and the military command itself proposed to the government a regulation on conscientious objection. In April 1970, the Council of Ministers sent the Cortes a bill whereby the objectors would perform auxiliary service for period that would be, as a maximum, twice that specified for military service.

Cortes Rejects a Bill

What happened then was unprecedented. Although it was a bill approved by a council chaired by Franco (with Admiral Carrero Blanco as vice chairman, three military ministers, and another general heading the Interior Ministry), the "ultra" wing of the congressmen opposed the

bill, which was rejected in the National Defense Commission by a vote of 21 to 9. Blas Pinar was one of the hard line leaders, and the bill failed when Lieutenant General Galera, a member of the commission, commented: "I don't understand this law very well, but the more I learn about it the less I like it." This was the first time since the Civil War that a bill from the government was rejected by the Cortes which, in this way, proved to be to the right, not only of Franco, but of the branches of service as well.

The next year the government submitted a new bill, harsher than the previous one, but it, too, was rejected. The objection was repeated. Not until December 1973, after having agreed that conscientious objection would continue to be considered a crime, did the government succeed in having a bill accepted by the Cortes. Its effect was the abolition of consecutive sentences, replaced by a single one entailing from 3 to 8 years in prison. The penalty imposed by the military courts would, systematically, be the minimal one.

Early in the 1970's, the first cases of objectors who were not Jehovah's Witnesses began, combining pacifist motivations with other more aggressive ones of a political type. The latter have shot up since the change in regime, particularly during the 1980's.

Until 1982, the number of objectors was a few hundred a year, and their treatment was regulated by a 1976 decree and a subsequent 1977 internal order, both with Manuel Gutierrez Mellado as vice prime minister in charge of defense; which actually meant sending home all those claiming conscientious objection.

For the past few years, those declaring themselves objectors have numbered several thousand. The Constitution of 1978 turned Spain into the fourth European country (the others are the Netherlands, West Germany, and Portugal) to include the right to conscientious objection in its constitution; but the Cortes did not approve the law implementing it until 1984. Appeals to the Constitutional Court halted its application. The repudiation of all the arguments, in a 1987 decision, made it possible to publish, this year, the regulation whereby "substitute social service" (for an 18-month period) will begin to go into effect during the next few weeks. A total of about 25,000 objectors, a figure accumulated during the past 10 years, may be called to perform that service.

Amnesty?

That possibility has triggered protests among the objectors' organizations, particularly among the most politically radicalized groups. Up until now, declaring oneself an objector actually meant staying at home while other youths of the same age were rendering service for a year. It is possible that this lack of an alternative service was the cause of the increase in objection during recent years, to the point where it constitutes 3 percent of the annual replacement; a percentage that has risen to as much as 7

in areas such as Madrid. This year, one out of every 14 youths in Madrid declared himself a conscientious objector, and the Catalonians and Andalucians were not very far behind. The 6,799 objectors in 1987 could also be compared with the 597 that existed from the end of the 1950's to 31 December 1976.

The Ministry of Justice, responsible for regulating substitute service, nevertheless lacks the organization for "placing" objectors in the specified services: Red Cross, Civil Protection, town halls, etc. For the present, only 1,000 slots will be filled, meeting a tenth of the requirements. As for the fate of the other 20,000 or so, the Justice Ministry officials themselves talk about a possible "amnesty," using the procedure of sending them to the reserves. However, that possibility meets with certain legal difficulties. The Constitution prohibits general pardons, and transfer to the reserves takes place at age 34, according to the law itself. None of the officially recognized objectors have reached that age, except in untimely cases of those who declared themselves objectors after having performed military service, whose claim is rhetorical for all intents and purposes. It is also stipulated that, after age 28, only half of the service is performed; but less than 10 percent are in that category, because most of the objectors are from the recent drafts.

In any event, what is noteworthy is the refusal of the most radical to perform any substitute service; going so far as to "threaten" to allow themselves to be taken to jail. The alternative proposed by these groups is, purely and simply, to do nothing. They fear that a real substitute service would bring down very drastically the number of those resorting to conscientious objection; because it would become as uncomfortable as the "mili," or more so. The example of Greece is enlightening: There, substitute service lasts 4 years and 4 months; an alternative that has not had a single candidate thus far. All Greek youths prefer the military service, which lasts "only" 2 years and 2 months.

Among the most active objector groups, more antimilitarism can currently be perceived than conscientious objection; although that possibility is called for in the law, which includes objection based on ideological reasons. What has not been resolved, either in Spain or anywhere else, is the hypothesis of war. In fact, the right of conscientious objection is possible only on the condition that it does not become universal; because otherwise the nation (including all the constitutional values) would be left defenseless and at the mercy of the first tyrant with sufficient ambition.

Resorting to volunteer enlistment is only a partial response, and has been a failure in Spain. The "special volunteer enlistment" put into effect last year has succeeded only in the railroad units, perhaps because of expectations of work in RENFE [Spanish National Railroads]. In the other units, it has "fizzled." The offer of 1 year in the "mili" without pay, plus 2 years at the minimum wage, is not attractive. Moreover, as a rule,

volunteers are not offered membership in "elite" combat units (such as the Legion, paratroopers, or British Army "Gurkhas"); but rather in backup units in which military spirit is not an essential requirement.

The Pacifists

But there are always some who think that, when faced with a potential enemy, the most sensible attitude is one of surrender. The philosopher Bertrand Russell proposed this at the end of the 1930's; he trusted that the Nazis would be impressed by British democracy to the point of accepting it and, without a single shot having to be fired, would return whence they came.

It was not an isolated opinion. During the ideological avalanche of the 1930's, the French trade unions demanded a similar position, and the cream of British youth (including the former Labor Party leader Michael Foot) took the "Oxford oath," whereby they pledged never to bear arms either in the defense of their people, their native land, or their king. Very shortly thereafter, many of those youths died, during the hot summer of 1940, in the air combat of the Battle of Britain, at the controls of a Spitfire or a Hurricane, in the defense of their people, their native land, and their king.

'We Don't Want a Mili With Brooms'

"We want to make an impression in the challenge to the 'mili,' so that people will realize that this objection law is a trick. Substitute social service is a 'mili' with a broom, punishment for the objector. Of course I'm worried about going to jail, but I also think that, since ours is a collective campaign, none of us will be behind bars for over 3 months."

They are determined and, what is even more important, they feel strong. They are convinced that the Justice Ministry will not propose battling about 20,000 youths who refuse to join the ranks. They think that it is not worthwhile for the government to become agitated over this, with public opinion likely to be against it, when, in fact, it has already begun taking the first steps toward professionalizing the Army. "The first American objector, the tax collector Thoreau, declared in 1870 that, with an unjust law, the place for the just man is jail. I don't believe that the latter should be indefinite, but I am aware that civil disobedience campaigns always end up there." His name is Miguel Martinez Lopez; he is 25 years old and works as a teacher at the Leganes (Madrid) Preschool institution; Seven years of antimilitarist demonstrations and campaigns on the streets have given him this triumphalist morale.

Of the 25,000 Spanish conscientious objectors, 60 percent, the largest and most silent group, consists of religious objectors, essentially Jehovah's Witnesses. Then there are 10 percent who are unaffiliated objectors, who act freely and who seem to abide by the conditions imposed by law. Finally, there are 40 percent who are

political objectors, with a high degree of antimilitarist consciousness, among whom one reads a daring list of initials: APOC (which does accept substitute social service), AOC, MILI-KK (of the Communist Movement and the revolutionary Communist League), and MOC [Conscientious Objectors Movement], probably the largest and, without doubt, the most active. Miguel Martinez is one of them, one of those youths whose idealism (to many, full of innocence; to others, tinged with egoism) prompts him to say, with great conviction, "An American invasion disturbs me more than a hypothetical war with Morocco over Ceuta and Melilla. Ceuta and Melilla are not better defended with an army than without an army. If the money for the F-18's were invested in creating bonds of trade and of friendship between the two peoples, that possible threat of conflict would be removed. If we prepare for a confrontation, there will be a confrontation; and, furthermore, they could use it to provide a solution for their domestic crises."

The Legal Delay

Miguel requested a deferment when he reached age 18. The next year, he did not keep them waiting, but showed up in the ranks, and declared himself an objector. "It was 1983, and Gutierrez Mellado's decree (an 'internal order') was in effect, whereby they gave you an induction deferment of an indefinite duration. At that time, those declaring themselves objectors once the 'mili' had begun had no problems. And they didn't ask me to give reasons either. In 1984, when the law on objection went into effect, we opposed giving reasons, because that might become a weapon to reduce the number of objectors when it was in their interest. So, we wrote a single collective declaration whereby many petitions were conveyed. And they were all accepted until 1987, when the decision was handed down by the Constitutional Court."

In fact, after 2 years of debate, the Constitutional Court ended up rejecting two controversial appeals, one filed by the People's Defender, and a second by the National High Court of Justice. In the former's view, objection was a fundamental right of the person and, as such, would have to be regulated by a single organic law. As for the obligation stipulated in the law to state the reasons for not joining the "mili," it would violate Article 16.2 of the Constitution, which recognizes the right not to make statements about ideology and beliefs. The National High Court of Justice, in turn, demanded of the Constitutional Court recognition of the right of objection for Spaniards who sought to exercise it once the "mili" had begun. Now then, on 27 October 1987, the Constitutional Court, through two verdicts, rejected all the grounds of unconstitutionality cited in both appeals. With regard to the first of them, the court considered objection a constitutional right, but not a fundamental nor first class right. As for the second, the court judged that, in the case of recruits who have started the "mili," objection might prove upsetting to the security and stability of the Armed Forces.

Miguel, of course, is very far removed from understanding the position of the Constitutional Court. "The reasons for not wanting to join the 'mili' are very numerous, and mine (based on an antimilitarist political stance) are as worthy as those of others, who have reasons that are less elaborate but that can be summarized as not wanting to waste time, not wanting to throw away a year of life, or having a code of values quite different from the one prevailing in the Army. We think that the ones who should be asked for reasons are the soldiers themselves, because in today's Spain, they are the exception among the youth. I would answer the statements made by Gutierrez Mellado claiming that those committing suicide in the 'mili' were already ill before joining by saying that the suicide rate in Spain is three times higher in the 'mili' than in the rest of the society."

Objectors to Everything

According to Miguel, "Societies have a right to defend themselves, but only with the effective use of nonviolence." Whatever the degree of utopia these notions may contain, the fact is that they are sufficiently strong in his case to preclude his accepting an individualized solution: "After the verdict came out, talk began about a likely amnesty (or transfer to the reserves) for the declared objectors up until that time. This would represent the best objection law in Europe for those of us who had struggled all these years, but the worst of possible laws for those who came afterwards: subject to an expansion on reasons, to a substitute social service 6 months longer than military service, and to a regulation copied from the old military disciplinary system, which sets for fugitives penalties far more severe than those in the current Code of Military Justice." In fact, the fugitive subject to the Military Penal Code receives a sentence of from 3 months and 1 day to 6 months in prison; while the objector is given from 4 months and 1 day to 2 years and 4 months.

"Now then, we are not trying to save ourselves from the battle. Last April 2,000 of us objectors sent a message addressed to the National Council on Conscientious Objection, in which we waived that objector's status and, hence all those benefits. We don't want to free ourselves from the 'mili' at the expense of the new objectors, at the expense of those meager 1,000 objectors that they will be calling into the ranks (that is, for substitute social service) next January. The National Council has not answered us, and hence has not accepted our waiver. What is worse, 15 percent of us have received a letter from the council asking us whether what we want is to join the 'mili.' Our answer (also collective) has been that, of course, we don't want to take the 'mili,' but we do want to be at the disposal of the military."

A Total Victory

What they want is total victory. The calculated risks do not seem to frighten them. And for that reason they even dare to refuse to render substitute social service. "At the

beginning of our struggle on behalf of objection, years ago, those favoring refusing substitute service were a radical minority. Generally, the objectors didn't want to give the impression of being bums or such (explains Miguel Martinez); but this radical position has been increasing as they found out, first, about the bill, then the law, and later the verdict. We refuse substitute social service because our service to society is our own antimilitarism. If we want to serve society, what we cannot agree to is holding jobs that should be filled by unemployed Spaniards. If ICONA [National Institute for the Preservation of Nature] needs firefighters to extinguish blazes, let it hire personnel and pay them as it should. We don't want to contribute to unemployment. Accepting PSS [Substitute Social Service] means reinforcing military service."

2909

SWEDEN

Official Says Country To Quit EFTA Unless Pact Reached With EC

36500171 Stockholm DAGENS NYHETER in Swedish
10 Sep 88 p 12

[Article by Ann-Marie Asheden]

[Text] Sweden is now giving EFTA a few months to begin talks with the EC on a broader front than up to now. If this Swedish attempt to get EFTA to step up the pace fails, there remains only to "say goodbye to EFTA," one of the Swedish EC strategists believes.

Sweden is in a hurry to adapt to the internal market of the EC. The EC has made great progress during 1988 and Swedish EC strategists are worried that Sweden will "lag behind even further."

"We can't survive 4 or 5 years into the 1990's with a functioning internal [EC] market, which we stand outside of. It would mean that Sweden will lose speed and investments," DAGENS NYHETER was told by a centrally placed source at the Chancellery.

In order to increase the pace of the integration work, Sweden last summer introduced the idea of "the broad offensive." This took place at EFTA's meeting of ministers in Tampere in Finland. The purpose of the idea is for EFTA to expand its ambition from merely speaking to the EC on the free trade of goods to include the elimination of borders for capital, services and persons as well.

Divided Opinions

The plan also includes that EFTA must abandon the demand for internal unity before sitting down with the EC.

"We must try to unlock EFTA by making fewer demands on our unity," one source says.

There are divided opinions within EFTA regarding the Swedish proposal for a change of strategy: Norway and Austria are most favorable, while Switzerland is satisfied with the existing style and tactics.

The Swedes regard the coming fall as decisive for their hope that EFTA could become a bridge to the EC. Using a phrase that takes its inspiration from a well-known murder investigation, there is talk at the Chancellery of the "EFTA lead" as the "principal lead."

Now the important thing is to test its validity. And if it does not measure up, the other leads remain: the Nordic lead and the bilateral lead.

It remains to be seen what the EC says about the new broad offensive. EC's "foreign minister" Willy de Clercq has repeatedly made it clear that the EC prefers to negotiate with the EFTA nations as a group rather than negotiating bilaterally with each EFTA nation separately. On this point as well this fall is expected to be decisive.

The Swedish desire to accelerate integration with the EC involves a risky game. Should Sweden fail to get the other EFTA nations to agree to the new strategy, there remains only "to say goodbye to EFTA."

Dependence

And if the EC does not want to sound out EFTA on a broad front without internal agreement, it means nothing less than a "catastrophe" for the integration work.

What makes the Swedes nevertheless prepared to take the risk is the mutual dependence of the EC and EFTA nations.

"The trade policy climate of the world is becoming increasingly cool. And the EC could need friends. Closing the door to EFTA would be unwise," the source reports.

(The six EFTA nations together are the EC's most important trade partner. And Sweden alone is EC's third most important trade partner, after the United States and Switzerland.)

The Swedish government is forced to proceed because of the importance of the major companies for the well-being of the country. When Percy Barnevik of Asea Brown Boveri recently declared that the company's investments naturally are influenced by the fact that Sweden's relationship with the EC has not been straightened out, it was noted at the Chancellery.

11949

BELGIUM

National Bank Governor on Monetary, Budget Policy

36190001 Brussels *LA LIBRE BELGIQUE* in French
1 Sep 88 p 12

[Interview with Jean Godeaux, governor of the National Bank of Belgium, by Pierre Loppe and Ariane Caloen: "Governor Godeaux: 'There Is No Interest Rate War'", date and place not given]

[Text] Confident in the stability of the European monetary system, the governor of the National Bank feels that the rise in the dollar is "counterproductive."

This is a report on the interview which Jean Godeaux, governor of the National Bank of Belgium granted to the economic editors of *LA LIBRE BELGIQUE*.

[Question] Last week, following the quasi general increase in interest rates in Europe, there was talk of an "interest rate war." Do you approve of that formula, and what could this "war" lead to, if there is such a war?

[Answer] The image of an interest rate war is inaccurate or at the least excessive. Nevertheless, it is regrettable that international monetary cooperation is less visible, and in any case less effective than it was in the recent past. This is due in part to the fact that, until the next president of the United States has been elected, it will be difficult to get decisive action which would commit the American government. Hence, we get a series of actions and reactions inspired by essentially national considerations.

In the United States, the Federal Reserve feared an overheating of the American economy and wanted to prevent this by raising its discount rate at the risk of strengthening the increase in the value of the dollar. The Bundesbank, on the other hand, believes, and rightly so, that the rise in the price of the dollar, which is not justified by the "fundamentals," is counterproductive and will inevitably be followed by a drop. In which case we would return to an instability in the exchange rates, even though the progress which has been made since the Plaza and the Louvre meetings led us to believe in a consensus in favor of greater stability.

The Stakes of the EMS

[Question] Do you not believe that in raising its rates, the Bundesbank is playing a little with fire? And this at the expense of the European Monetary System which could suffer a readjustment?

[Answer] A delicate question! The monetary authorities of the Western nations believe that a greater stability of the exchange rates is necessary. Having accepted this,

everyone might ask himself whether apprehension over inflationary developments beyond the Rhine, a result of the higher dollar rate, is justified or excessive.

What we are able to note in any case is that the monetary aggregates, the stated objectives of the Bundesbank, have been surpassed in Germany. From that point of view then, it would be wrong to claim that the Bundesbank has conducted an excessively restrictive monetary policy. It denies this in any case. And besides, the EMS has proven its ability to go through periods of tension successfully.

[Question] Does the Bundesbank not give greater priority to an increased value of the dollar relative to the mark as against the stability of the EMS?

[Answer] As a matter of fact, the West German Central Bank finds itself invested with a major responsibility with regard to the relationship between the EMS currencies and the dollar and the yen. Did it put too much importance on the mark-dollar relationship? That is a question.

Getting in Step

[Question] Seeing the National Bank raising its discount rate 24 hours after the majority of its European colleagues, some people spoke of "getting in step." They wondered whether there really is independence in monetary matters, noting on the other hand the lack of European coordination.

[Answer] Do the National Bank of Belgium, the Bank of the Netherlands, or even the central banks of more important nations have the autonomy, even the freedom to maneuver that would allow them to disregard what is happening abroad? The answer is obviously no. Was there a mutual exchange of information beforehand? The answer is yes.

What did we ourselves do? On Wednesday, 24 August, we decided to raise the rate of 1, 2, and 3-month treasury certificates, which are the really leading rates on the Belgian monetary market, by 0.10 points. We knew that the next day, the Bundesbank would raise its discount rate. We deemed it advisable to await the market reaction following the decision of the Bundesbank, before making a decision on the total increase which would be necessary in Belgium.

On Friday, 26 August, we completed the 0.15 point rate increase on very short-term treasury certificates and decided on a 0.25 point hike in the discount rate. Nobody put us "in step." We accomplished our increase in two steps, as we planned to.

German Domination

[Question] If Germany continues to add to the interest rate in order to stop a possible increase in the value of the dollar, will the National Bank still follow suit at the risk of burdening the domestic situation in the country?

[Answer] It is certainly not in the world's interest that a spiral of interest rate hikes be put into effect. That is not, in my opinion, the intention of the Bundesbank. The statements made by President Poehl are clear enough in this regard. The latter stressed that the official rate increase was an adjustment to developments which occurred "spontaneously" on the German monetary market. I do not see any basic reason why the Western world should be condemned to a fatal and lasting escalation of interest rates.

[Question] In the final analysis, is the European monetary policy conducted exclusively by the Germans?

[Answer] To a large extent, the dominant economy in Western Europe is the German economy. Hence, this country's decisions in the monetary field have a significant influence. Should one then conclude that the EMS is nothing but a Deutsche Mark zone? I believe that that is a step we cannot take.

It should not be forgotten that, without publicity, there are contacts and dialogues, which we could certainly wish to be closer but which do exist and which lead to not very spectacular but very real progress, such as the so-called Basel-Nybord agreements which made it possible to strengthen the EMS. Major progress is still needed. We are endeavoring to make this possible.

Single Currency

[Question] Are you in favor of a single European currency?

[Answer] In favor, yes, if you mean that as a European citizen I would like to have it. But major progress is still possible and needed before such a single currency will come into being.

[Question] Are the talks on this subject, in your opinion, progressing at a desirable rate?

[Answer] As desired by me, undoubtedly not. If I am guided by my wishes, then my answer is no. If I am guided by reason, knowing full well that we cannot afford a failure, then my answer is that you have to know how to be obstinate and patient.

[Question] Less than a year after 19 October 1987, do you feel that we are likely to experience a second market crash?

[Answer] It seems to me that the conditions, which we retrospectively consider to have been the detonators of the crash, do not exist as much today as they did then.

[Question] What were, in your opinion, those main conditions?

[Answer] There had been excessive speculation. The rates had reached levels which were not justified. Hence, a correction was inevitable. What the crash taught us is that the world monetary authorities, and specifically the American ones, were able to avoid repeating the errors of the past. They reacted the way they had to, which made it possible to avoid the chain of events which led to world recession in the thirties.

It seems to me that the situation is better now after the crash than it was on the eve of the famous "black Monday." Not only was international cooperation strengthened, but all the operators realized that there had been excessive speculation which would have to be corrected.

The wait or hope for an indefinite rate hike is no longer a dominant attitude among numerous sellers. They were also able to note that it was possible to enact corrections in the stock market rate, often tough ones, without unleashing a financial or economic apocalypse.

Belgian Franc Healthy

[Question] What is the state of health of the Belgian franc?

[Answer] It is satisfactory for several reasons. The evolution of our domestic prices is favorable, less than 1 percent over a 1-year period. Which puts us among the best countries in the European Community.

By and large, our balance of current payments remains positive. Hence, a surplus which allows us to handle those expenses resulting from the constant concern of our savers to diversify their assets.

Other favorable factors: the development of investments in the private sector remains very encouraging—in spite of some hesitation at the upper level—while private saving remains high.

The fact remains that, compared to many economies, we have an enormous public financial deficit which we finance relatively easily, however, because of the high level of savings. In international comparisons, you have to establish the relationship between the public authorities' net balance to be financed and the rate of savings which is translated into the creation of financial assets. That is crucial.

[Question] Whatever happened to the elimination of the double-exchange market?

[Answer] According to the decisions made by Eco-Fin (the Council of Ministers of Economic Affairs and Finance), Belgium and the Grand Duchy of Luxembourg have agreed, within the framework of the total liberalization of capital movement, to put an end to the double-exchange market no later than by 31 December 1992. Not that we or our partners in Luxembourg have agreed that this double market was a restriction, but we did allow that, in a system where otherwise major progress would be achieved, the double market would constitute an abnormality, an imperfection.

Hence, we accepted the second directive. We are fully satisfied with it, and so are our partners in Luxembourg. Ideologically and diplomatically, that issue is behind us. What remains is to choose the most appropriate moment for its implementation.

Capital Flight

[Question] How do you see the Belgian economy at this time when parliament opens its new session?

[Answer] A complicated question. In reference to the three factors mentioned in connection with the Belgian franc, there is no reason to be pessimistic.

[Question] In your opinion, is "capital flight" just a scare tactic or is it a real problem?

[Answer] I challenge the notion of "capital flight." That expression has a negative connotation. It would be better to talk about the movement of funds on an integrated market. It is rather logical for developed economies, with a high standard of living, to export capital. That does not seem either abnormal or worrisome to me.

Hence, the fact that our fellow citizens are concerned with the diversification of their portfolios does not seem to be something to be criticized in and of itself. It is a constraint on the way we conduct our policy, specifically in terms of the setting of our interest rates, and the necessary harmonization of our fiscal policies. The problem lies in creating conditions which will incite Belgians as well as foreigners to invest in our economy.

Brussels, International Center

[Question] Philippe Maystadt, the minister of finance, has stressed the vocation of Brussels as the international financial center. Does this meet your expectations? If yes, how is this objective to be achieved?

[Answer] At the center of such a dense communications network, with a developed financial system and an economy characterized, thanks to the double market, by total freedom of foreign financial transactions, it would be hard to see why Brussels would not play an important role as financial center. But it will still require that our

government leaders attach enough importance to it and are willing to take the necessary measures. We have trump cards, but we have to play them.

Following several years during which government declarations remained silent about this subject, Mr Maystadt has picked up this theme again which, if my memory serves me right, was at the center of all the speeches 15 or 20 years ago.

Among the main concrete problems to be solved, there is still withholding or, to be more precise, the problem of the methods of taxing income from real estate assets. Another concern: information about our economy. Ask Belgian institutions which have launched Euro-equities issues, that is to say who have issued shares abroad, and they will tell you that the lack of knowledge about Belgium and its companies 50 kilometers beyond our borders is amazing. In other words, we must do a better job of "selling" Belgium abroad. Finally, we have to enact those laws and implement those reforms that are vital.

[Question] Mr Maystadt suggested, among other things, promoting the introduction of foreign institutions. He advocates a very broad opening up...

[Answer] Having been president of the Banking Commission for more than 7 years, I have pursued with great conviction the "open door" policy practiced by my predecessors. We have a tradition of freedom of establishment for financial institutions. We also have a tradition of free international competition, specifically in the area of financial services. In this area, 1992 should be an easy challenge to accept for our country.

Good Point for the Budget

[Question] In its latest annual report, the National Bank has once again stressed reform of public finances. Are you satisfied with the 1989 budget concocted by the government this summer?

[Answer] Even though one might have feared that a change in the coalition could have caused other concerns to take precedence over the reform of public finances in order to halt the snowball effect, I see it as a very positive step that this objective has been maintained and that the administration has unanimously made every effort to achieve the objective of a net balance of 7 percent of the gross national product to be financed as a step on the road to a reform that, let us emphasize, has not been completed yet.

Aside from that, everyone will wonder, depending on their knowledge or sensitivity, about the methods of reducing the public deficit. It is not up to me to make a judgement on that.

[Question] When you say maintained objective, you are not saying acquired result...

[Answer] Obviously not. Nevertheless, the reduction of the net balance to be financed to 7 percent of the gross national product is an objective which has apparently been achieved.

Gold Reserves

[Question] Among the so-called economy measures, the National Bank has received requests on the order of 7 billion Belgian francs. There has been talk of a "more dynamic management of its reserves," What do you have to say about that?

[Answer] It is impossible for me to provide information or to make comments on a problem that is still being studied and which is the object of as yet unfinished negotiations with the government. If those negotiations succeed, they should lead to a legislative initiative.

For the moment I would like to limit myself to this: the Bank has not suddenly discovered or been forced to discover what could be a "more dynamic" management of its reserves. What is involved, is the creation of a legal and statutory framework which would make such a management possible. Hence, it is not at all a question of selling the family jewels in order to pay the household debts. I cannot say more at the moment.

[Question] What do you think about the success of the "sale of ECUs" launched by Mark Eyskens?

[Answer] That was indeed a beautiful success, which exceeded all the expectations of the minister and the predictions of the Bank. Let us recall that this operation, limited to 31 December 1987, had a very unique character because of its symbolism (30th anniversary of the Treaty of Rome, Belgian presidency, and promotion of the ECU).

1992, That Is Tomorrow

[Question] The "large 1992 European market," that is tomorrow. Is the National Bank ready to become part of it?

[Answer] Definitely, yes, and as I said earlier, within the EEC Belgium is one of the countries best placed to accept the challenge of 1992.

[Question] Significant shifts have taken place or are about to take place at the top of the bank of issue. We saw the arrival of a new director (Mr Quaden); at one point there was also talk of the departure of another. You yourself are nearing the end of your mandate. What changes could this bring?

[Answer] I do not see any changes. I see the need to pursue a certain number of important tasks: to remain, in these difficult times, the counselor the administration listens to, a traditional but vital task of a central bank; to implement the mandate entrusted to us by the Hanover

summit meeting when the committee chaired by Jacques Delors was set up; but before all and above all, to express, define, and implement the conditions making it possible to safeguard the monetary unit. The stated objective of the government and of Parliament at the time when the important institutional reforms were accomplished.

There is enough there to fill my days until the end of my mandate...

Trust in the Bank

[Question] And what about the independence of the Bank?

[Answer] That is essential. The problem of the independence of central banks is a subject of reflection which often occupies the mind of a governor. There are the relevant laws, regulations, and personalities. Personally, I believe that the autonomy of a central bank finds its support and its guarantee in the priorities set by public opinion itself.

The strength of the Bundesbank lies in the certainty that, if a conflict were to arise between the authorities and the central bank, public opinion would take the side of the latter. The German citizens have inherited from their parents the lesson taught by the monetary disasters the country has experienced twice. Public opinion attaches vital importance to the stability of the currency. It has learned that an autonomous central bank—which was not the case during the Reich—is an essential condition for stability.

[Question] Do you feel that here in Belgium?

[Answer] Our fellow citizens are obviously concerned about the value of our currency. The exchange rate of the Belgian franc is an important item in the collective psychology. It is up to us to analyse, to inform, and to take action to demonstrate that it is justified to entrust us with the protection of this collective good: the stability of our currency, even knowing that the monetary policy is not almighty, but that "it could help," as was noted in a sentence of the famous Radcliff Report.

8463

GREECE

EEC Financing Sought for Improved Road, Rail Connections

35210002b Athens TO VIMA in Greek 18 Sep 88 p 35

[Article by Dim. Petykhakis]

[Text] Elounda, 17 Sep—The Greek chairmanship marked its first success on a financial issue since Mr P. Roumeliotis,

chairman of the Ministerial Economic and Financial Council (ECOFIN), "persuaded" the great majority of his European colleagues to accept the following:

1. The EEC must assume the coordination, supervision and financing of major infrastructure projects amounting to billions of drachmas that will contribute greatly to the "natural and geographic access" of the member states.
2. The EEC must set up suitable administrative authorities that will be responsible for the implementation and developments of these projects in accordance with the model of the very successful American Tennessee Valley Authority and the New York Port Authority.

These projects relate to road, rail and telecommunications connections among the member states and are of such size and cost that their being undertaken by national budgets or by the private sector is unfeasible. A statement to TO VIMA by a ranking official of the council is characteristic of this:

"National governments construct small and secondary roads because they very simply do not have the resources needed to build the super-modern highway networks needed for internationalized production and distribution of goods. Private initiative does not do because the time period needed for the amortization of the projects is huge (at least 20 years) as is the cost to the users of the projects (very high tolls, for example). The sole solution is the association of private, public and community financing, money market bonds, the European Investment Bank, all under the aegis of the Authorities."

In other words, "getting on the agenda" are the following:

1. Highway link between Greece and the EEC by way of Yugoslavia and Austria with a modern community high-speed highway without Yugoslav formalities and permits.
2. Railway link between Greece and the EEC by way of a high-speed railway line (TGV type), something that also means the modernization (with EEC financing) of the OSE [Greek Railways Organization] net.
3. Modernization of the OTE [Greek Telecommunications Organization] net that is altogether inadequate for modern communications. The present net constitutes a big obstacle for linking our country and Greek firms with EEC information nets.

The EEC will at first undertake the financing of the preliminary study (about 22 billion drachmas) and subsequently the instrument that will judge "which projects have a community nature" and that will come under the Authorities will go into effect.

The above-mentioned source also told TO VIMA, "This all has to do with the most important success until now on the part of ECOFIN's chairman, namely Mr Roumeliotis, since he brought this issue to light, that no one had promoted 2 years ago, starting its implementation."

This is being implemented with the agreement that was reached yesterday noon in Elounda according to which a change in the European Investment Bank's statutes is effected, while an official guarantee from the community budget is no longer needed for covering these great investments by the European Investment Bank.

5671

Hopes Expressed for Participation in Iran-Iraq Reconstruction

35210003b Athens *I KATHIMERINI* in Greek
24 Sep 88 p 11

[Text] A broad meeting at the Ministry of National Economy examined the possibility of having Greece participate in the post-war construction and economic rehabilitation of Iran and Iraq. Government and banking officials as well as business executives participated in the meeting.

The meeting mapped the outlines for a strategy by Greek enterprises in order to take part in major projects and investments expected to take place in these two countries in the coming years.

Following the meeting it was announced that G. Kandalepas, secretary general of the Ministry of National Economy [YPETHO] and responsible for international economic relations, will visit the two countries in the next few weeks to study the possibilities of Greek participation in their economic reconstruction.

Next, YPETHO Deputy Minister G. Papandoniou will lead a trade and economic mission with participation of representatives from export and industry agencies and enterprises as well as engineering firms.

Yesterday's meeting at YPETHO was chaired by Papandoniou with participation of Deputy Governor of the Bank of Greece Georgoutsopoulos, representatives from the Ministry of Zoning, Environment and Public Works and the Ministry of Commerce, the Association of Greek Industrialists Chairman Sepentzis, the EAEEA [as published] Chairman Kioleidis, the Organization for Exports' Promotion Chairman Frantzis, the Organization for Rehabilitation of Enterprises' Chairman Kharokopos, and the Panhellenic Union of Licensed Engineers and Public Works Contractors' Chairman Ekonomou.

During the meeting Papandoniou reviewed recent developments in Greece's bilateral relations with the two countries and outlined emerging prospects for Greek enterprises in the trade, manufacturing and construction sectors with regard to exports, industrial cooperation and construction projects undertaken by Greek construction firms.

It is believed that the end of the war opens up favorable avenues for a dynamic presence in the area on the part of Greece and for participation in the economic rehabilitation of the two countries, following up on the pre-war cooperation, especially in the construction and export sectors.

The participants examined the possibilities of Greek participation in the post-war reconstruction and economic rehabilitation, taking into account development strategies in the two countries. They also examined ways for entering the developing large markets in Iran and Iraq, especially in view of high competition from countries such as the USA, Japan, the Federal Republic of Germany, as well as the possibilities and opportunities for Greek construction firms to undertake projects in the two countries, and for promoting industrial cooperation at the enterprise level.

They further examined financing problems, insurance, and payments, as well as old outstanding debts which still exist between Greece and the two countries.

7520/9274

Large Deficit Threatens Economy, Inflation Rise
35210003a Athens I KATHIMERINI in Greek
23 Sep 88 p 1

[Article by Nik. Nikolaou: "Public Deficit Exceeded 1 Trillion Drachmas"]

[Text] Positive developments in basic economic indices such as production, investments and exports are being threatened and undermined by the increase of state deficits which rekindle inflation. Minister of National Economy Pan. Roumeliotis made this disturbing assessment himself while giving to the press for the first time data concerning the level of the state deficit which broke the one trillion barrier, reaching 1,093,500 million drachmas.

To understand what this means, one has to recall that the entire state budget for 1981 prepared by the then ND government provided for 733,076 million drachmas in total state expenditures. In other words, under PASOK, the deficit alone is 50 percent larger than ND's budget, including public investments.

It should be noted that in his speech in Thessaloniki ND Chairman K. Mitsotakis warned that "the expansion of the public sector, wasteful spending and misappropriation of public funds—despite our repeated appeals for caution and self-restraint—will overturn in the end even the meager and superficial results achieved in the areas of inflation and the balance of payments."

It is not an accident that the disclosure of the exact deficit—which may grow by the end of the year—was made by Pan. Roumeliotis. This is, no doubt, related to the inside feuds within the government's economic high

command. Dim. Tsovolas, who only lately was forced to accept some deviation from previous figures, has not thus far said anything about the exact level of the deficit.

The Roumeliotis statement was made on the occasion of publishing the Quarterly Bulletin of the Ministry's Planning Directorate on current developments in the economy. The bulletin's data show that the deficit, based on receipts of the last 7 months, will reach 1,093,500 million drachmas for the entire year. In other words, it will be 136,470 million drachmas larger than predicted and 177,400 million drachmas larger than that of last year.

Roumeliotis indirectly warned about the serious threat inherent in this deficit growth. He added that, "the public sector deficit must be examined on the basis of a mid-term policy because it has reached the point of being self-fed because of the high cost of servicing the public debt, which in turn requires more borrowing, which in turn increases servicing of the loans."

The analysis made in the Quarterly Bulletin shows that expansion of the deficit is due to lagging revenues as well as to an increase of expenditures. Specifically, revenues will be approximately 120 billion drachmas below projected receipts because of lower revenues from the Value Added Tax [FAP] and income tax. Expenditures may exceed by 25 million drachmas the project estimates, mostly because of higher debt servicing costs as a result of the dollar rise, changes in incomes policy, etc.

Pan. Roumeliotis did not deny the negative effect big state deficits have on the economy, especially on inflation. He said the government tries to neutralize these effects through its monetary and foreign exchange policy. The minister's statement clearly shows that the high interest rates which brake the growth of our economy are a government defense mechanism against the inflationary effects of deficits. The same applies to the government's foreign exchange policy where the slow pace of the drachma's value, which weakens our products' competitiveness, is a necessary choice to reduce imported inflation.

7520/9274

Favorable, Negative Developments in Trade Balance

35210002c Athens I KATHIMERINI in Greek
6 Sep 88 p 11

[Text] The country's foreign trade balance did not change much in July. The deficit at the end of July was limited to 1,071 million dollars, compared to 1,085.2 million dollars last year, while the traditional July surplus—due to the influx of tourist money—was 383 million dollars this year, that is slightly greater than the corresponding month last year when it was 365.4 million dollars.

Nevertheless, in July as in previous months, the trade balance showed certain characteristic—mostly negative—developments, such as the following:

1. The "lassitude" in tourist revenues. Revenues this July came to 356 million dollars, while in the same month of last year they were 360.3 million dollars.
2. An increase in imports, except for fuels, that is due partly to a reheating of the economy that was not, however, accompanied by a corresponding increase in exports.
3. The conversion of foreign currency into drachmas, something that is being done by fellow-countrymen primarily for the purchase of real estate, as well as by companies, is continuing on a regular basis (note: this is a positive development).

A new element is constituted by the decrease of private—not business—capital that appeared for the first time in July and is due to an decrease in deposits of foreign currency on the part of banks.

With these developments in July, the significance of the trade balance for the first 7 months of the year is shown as follows:

Imports amounted to 7,926 million dollars, compared to 7,085 million dollars last year.

Exports amounted to 3,370 million dollars, compared to 2,952 million dollars last year.

The trade balance showed a deficit of 4,556 million dollars, compared to 4,143 million dollars in 1987, that was partly covered by a surplus of invisible resources that came to 3,485 million dollars compared to 3,058 million dollars last year.

Thus, the balance of current trade was held at 1,071 million dollars, compared to 1,085 million dollars last year.

This deficit is being covered this year through private capital—business capital for real estate—that came to 1,286 million dollars in the 7-month period, while last year they amounted to 851 million dollars.

With regard to the trade balance, the Ministry of National Economy issued a statement that made reference to the following:

"As was expected, the current trade balance showed a surplus of 383 million dollars in July compared to 367 million dollars last year. The trade balance deficit decreased by 14 percent while the increase of invisible resources (except for EEC revenues) was significant

coming to about 20 percent. Net EEC revenues showed a decrease compared to last year but this is due exclusively to the fact that last year we had refunds amounting to 20 billion drachmas.

"The course of the country's foreign trade balance is satisfactory and is developing within the context of the government's economic policy goals.

"The country's foreign exchange position continues to be strong. At the end of July foreign exchange holdings amounted to 4.5 billion dollars compared to 3.2 billion dollars during the corresponding month of 1987. The influx of business capital, that has almost doubled from last year, is indisputable evidence of the improvement in the economic situation and the strengthening of the prevailing good investment climate. The economic policy will continue protecting the acquisitions of the stabilization policy and the developmental orientation of the Greek economy so that there might be a balanced improvement in the real incomes of the workers and a reduction in the macro-economic imbalances and the rigidity that characterize our economy."

5671

Civil Aviation Radar Purchase Urged
35210002a Athens TO VIMA in Greek 18 Sep 88 p 27

[Article by Nikos Khasapopoulos]

[Excerpt] The third "purchase of the century" (coming after that of the fighter aircraft and the frigates) will be radar. The issue on the purchase of the radar system, about which the Ministry of National Defense is primarily interested, has already entered its final stages and it is not to be ruled out that the KYSEA [Government Council for Foreign Affairs and Defense] will meet next month under the chairmanship of I. Kharalambopoulos, vice president of the government and minister of national defense (or the prime minister in case his recovery is satisfactory) and decide on what radar system we will purchase (valued at 12 billion drachmas).

Greece is the only European country where air traffic control operates manually and not automatically. It is also the only European country that does not have a radar net that covers all of its airspace, a fact that renders air defenses vulnerable. Despite the lack of a modern automatically-controlled air traffic control system our country has the highest security rate of all neighboring countries (including Italy that is advanced in this area), something that civil aviation experts attribute to a miracle!! This is proven by IATA statistics that show that only 15-16 "air incidents" (near air collisions) occur in Greece each year, while over 20 such near misses occur in neighboring countries.

The disregard over the years on the part of all governments to see to it that their civil aviation services be provided with radar nets to cover their overall national

airspace is absolutely criminal. This indifference is both criminal and nationally damaging since our neighbors the Turks, during the time when Greek governments merely promised radar systems, moved forward to purchase them (and recently expanding them) with the result that they are now asking to assume air traffic control over the Aegean giving flight security reasons as their argument. Regardless if certain truths might sound bitter, we must point out that almost all international aviation organizations are in favor of the view to giving the Turks if not all at least part of the Aegean for "automatic control of the complex air traffic."

For 12 years now the procurement of a radar system has been put forward as an "urgent matter" but the only thing that has been done was the purchase of some outdated technology system that has a range of only 25 nautical miles and is useful only for aircraft landing at Ellinikon airport. The only serious endeavor made to procure a radar system was the one made 3 years ago when finally experts of the Civil Aviation Service began testing various systems that would modernize air traffic controls.

As it also happened with the purchase of the century with regard to the purchase of four German frigates, it is the KYSEA that will decide on the fate of the radar system. The decision for its acquisition will be purely political and also to be taken into account will be the offsets the manufacturing companies will offer. It is a fact, as is the case in every major purchase, that representatives of various firms have launched a speed contest to improve on their original offers as much as possible so that they might be ready now that the matter has entered its final stages. The government maintains that all the negotiations are being made directly with manufacturing firms without the intervention by representatives or middlemen.

The order involves 12 billion drachmas and the matter is, of course, being handled with great care. Part of the sum is scheduled to be put up by the EEC, specifically the European Investment Bank (about 450 million drachmas) that nevertheless is threatening that in case the decision is once again delayed then this money will be lost.

5671

PORUGAL

Rules Tightening on 1989 Budget Allocations
35420002 Lisbon SEMANARIO/ECONOMIA
in Portuguese 3 Sep 88 p 2

[Article by Antonio Camoes]

[Text] The 1989 national budget [OE] will reflect a strong slowing of public sector consumption, which is to compensate particularly for the growth in government expenditures associated with investment projects co-financed by the EEC, according to the secretary of state for the budget.

As Rui Carp explained to us, government expenditures, except for interest on the public debt, subsidies and capital grants to EP's [public enterprises], and other items of lesser importance, will expand by barely 6 percent in nominal terms in 1989. This means that growth in government expenditures in 1989 will actually be 0 percent in real terms, since the government expects average inflation for next year to be about 6 percent. Should inflation be higher, government expenditures would contract.

For this to happen, the various ministers in Cavaco Silva's government, except Roberto Carneiro (Education) and Leonor Beleza (Health), will have to spend practically the same as was budgeted for this year.

Miguel Cadilhe's peers do not like the decision that has been imposed upon them. The Minister of Finance has, however, gained the approval of his colleagues in the Council of Ministers for a proposal that the 1989 OE strictly conform to PCEDED (Program for Structural Correction of the Foreign Debt and Unemployment) projections, now in draft form.

In exchange, Miguel Cadilhe will publish a decree permitting any and all transfers of funds within the budgets of each ministry. That is to say, for example, that the Minister of Industry and Energy would have the freedom to transfer funds destined for employee remuneration to the purchase of a car for the Director General of Industry.

By publishing that decree, Miguel Cadilhe intends for each ministry to be administered like a private enterprise. And as in the private sector, management should do everything possible to remain within budget.

Meanwhile, the 1989 national budget is practically complete. While Miguel Cadilhe has proven inflexible in not conceding the "few billion more escudos" requested by his colleagues, the telephone never stops ringing in Rui Carp's office. The secretaries of state, directors general, etc., are calling for the Secretary of State of Budget to explain to them the expenditures cuts intended for next year. Carp always gives the same reply: "Use your imagination in managing the funds allocated to you."

One person with no cause for complaint is Minister of Education Roberto Carneiro, who will see the PIDDAC (Program of Investment and Development of Central Administration) of his ministry grow by 30 percent. While in 1988 the ministry's PIDDAC was around 27 billion escudos, next year it will be around 35 billion. More schools will be built and more teachers recruited. This will be the end result of the increase. In addition to the higher expenditures represented by the investment in education, the ministry's budget will also rise. The amount budgeted to Roberto Carneiro's ministry is about 280 billion escudos, while this year it was no more than 268 billion.

Leonor Beleza will be equally privileged in the 1989 budget. The Minister of Health will see her ministry's budget strengthened. The amount budgeted is around 230 billion escudos. In 1988 Leonor Beleza had a budget of about 200 billion.

But 1989 is when Portugal hopes to absorb the most funds from the EEC. The increase in fund transfers from the EEC to Portugal will correspond to the increase in government expenditures, since investment projects financed by Community organizations require Portuguese co-participation.

According to the budget projections for next year, Portugal will receive 50 billion escudos from the FEOGA [European Farm Orientation and Guarantee Fund], 70 billion escudos from the FEDER [European Regional Development Fund], 50 billion escudos from the European Social Fund, and 16 billion escudos from the PEDIP [Specific Program for the Development of Portuguese Industry].

The balance of transfers between Portugal and the Community will result in a surplus for our country of about 55 billion escudos. In 1988 it was only 38.7 billion escudos.

As we have already noted, the 1989 OE is now being completed. According to Rui Carp, the only thing now lacking is the last two chapters: interest on the national debt, and "exceptional expenditures"—subsidies and

capital grants to the EP's, payment of interest, credit insurance, provisional grants, etc. It should be remembered that 230 billion escudos were budgeted in 1988 for exceptional expenditures.

The lack of information about government receipts from the privatization of some EP's next year has made estimating exceptional expenditures, particularly those involving capital grants and subsidies to the public enterprises, more difficult.

As far as we can discern, interest on the national debt should grow in 1989 to some 550 billion escudos. This amount could still change. Over the course of 1988 Portugal will have paid 475 billion escudos servicing the national debt.

Finally we arrive at next year's expected deficit. With tax collections and other receipts (privatization of and profits from the EP's, for example) to grow barely more than that projected in the previous PCEDED (particularly in light of the implementation of the Single Tax), Miguel Cadilhe's only solution for reducing the government deficit's weight on the GDP is to reduce or eliminate public consumption. That is how it will be.

Next year's projected government deficit is about 500 billion escudos. According to estimates by the Ministry of Finances, this represents barely 7.5 percent of GDP. If the projection is correct, Miguel Cadilhe will have achieved a reduction of 1 percent relative to this year's deficit.

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